

2024

ANNUAL REPORT

AS OF 31 DECEMBER 2024

Philogen
innovating targeting



Index (COURTESY ENGLISH TRANSLATION)

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Group data and information for Shareholders

Philogen S.p.A.



Registered office	Piazza La Lizza #7, 53100 Siena
Secondary locations:	
Local unit no.	Via Montarioso n.11, Loc. Monteriggioni, 53035 Siena
Local Unit No.	Loc. Bellaria n.35, Sovicille, 53018 Siena
Arezzo-Siena Business Register:	
VAT/C.F. No	00893990523
RE	SI-98772
Share Capital:	Euro 5,731,226.64 i.v.
Italian Stock Exchange Symbol	PHIL
Ordinary ISIN:	IT0005373789
ISIN multiple vote	IT0005373821
LEI Code	81560009EA1577917768
Shares	n. 40.611.111

Philochem AG



Registered Office	Libernstrasse 3, 8112 Otelfingen, Switzerland
Register of Companies	No. CH-020.3.030.226-7
VAT-Nr	MWST-Nr/VAT-REG: CHE-113181.443
Capital stock	CHF 5,051,000

Investor relations

E-mail: 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 on April 27, 2022, will serve for the three-year period 2022-2024, until the approval of the annual financial statements as of December 31, 2024.

- Executive Chairman ^(*) Dr. Duccio Neri
- Chief Executive Officer ^(*) Prof. Dario Neri
- Managing director ^(*) Dr. Giovanni Neri
- Director Dr. Sergio Gianfranco Dompé
- Advisor Dr. Nathalie Dompé
- Councilor Dr. Leopoldo Zambelletti
- Councilor ^(**) Dr. Roberto Ferraresi
- Councilor Dr. Guido Guidi
- Councilor Dr. Maria Giovanna Calloni
- Counsel ^(*)^(*)^(***) Lawyer Marta Bavasso

^(*) Executive director.

^(**) Independent director pursuant to Article 147-ter paragraph 4 of the TUF and Article 2 of the Corporate Governance Code.

^(***) Lead Independent director.

Board of Auditors

- President 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 Company

KPMG S.p.A.

Manager in charge of preparing corporate accounting documents

Dr. Laura Baldi, Chief Financial Officer, Certified Public and Auditor.

Supervisory Board

The single-member Supervisory Board (SB), appointed by resolution of the Board of Directors on April 27, 2022, for the three-year period 2022-2024, consists of Dr. Marco Tanini. The SB will remain in office until the expiration of the current Board of Directors and will be appointed by the incoming one.

Audit, Risk and Sustainability Committee ^(*)

- Marta Bavasso (President)
- Roberto Ferraresi
- Maria Giovanna Calloni

^(*) This Committee also serves as the Related Party Transactions Committee.

Nominating and Compensation Committee

- Marta Bavasso (President)
- Roberto Ferraresi
- Maria Giovanna Calloni

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) on March 3, 2021, is an Italian-Swiss company established in 1996, active in the biotechnology sector, specializing in the research and development of drugs for the treatment of high-lethality diseases. In particular, the Group is a *leader* in the identification of ligands (human monoclonal antibodies and small organic molecules) with high affinity for tumor antigens (i.e., proteins expressed in tumors, but not in healthy tissues). These ligands are mainly used for the purpose of delivering an active ingredient (e.g., cytokines, radionuclides, cytotoxics) selectively to the diseased area. The Group's focus is primarily related to oncology drug development, although the company has also brought products for the treatment of chronic inflammatory diseases to the clinic.

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

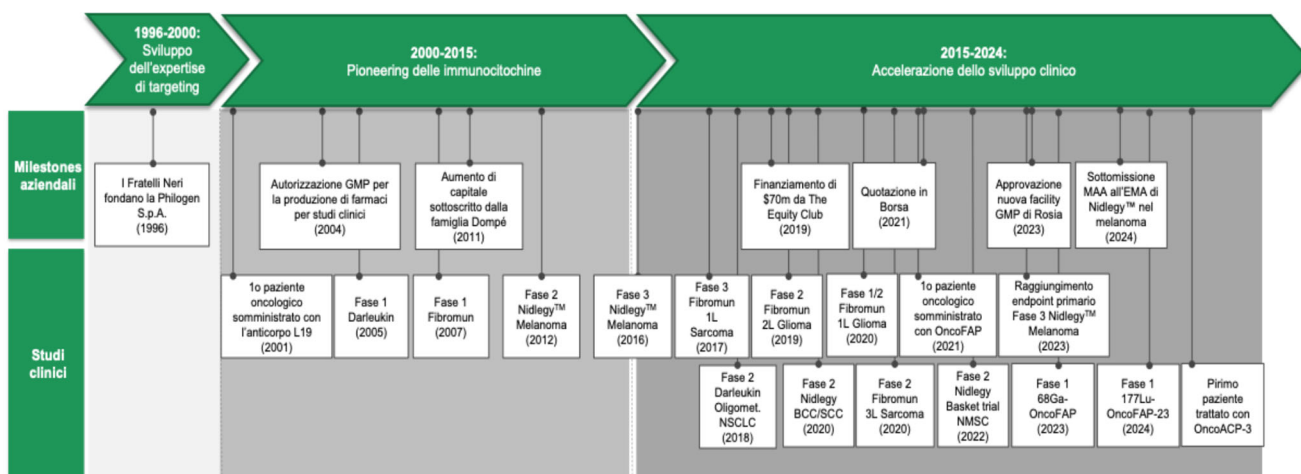
The Group has the availability of a research and development facility in Zurich, through its subsidiary, where new experimental drugs are discovered. The most promising prototypes (in terms of biochemical characteristics, safety and efficacy on the basis of preclinical tumor models) are subsequently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

Philogen has a GMP plant in Montarioso (Siena) approved by the Italian Medicines Agency (AIFA) for the production of experimental, antibody drugs in mammalian cells. In addition to the research site in Zurich, and the GMP site based in Montarioso (Siena), the Group expanded its production capabilities through the construction of a new GMP plant in Rosia (Siena) to serve future product commercialization. The new plant has received the following approvals from AIFA in 2023:

- MED GMP Authorization 09.11.2023 No.aM- 149/2023):
 1. Production Authorization for Commercial Products (Filling in asepsis);
 2. Production Authorization for Clinical Products (Filling in asepsis)
- API GMP Authorization 12.06.2024 No.API- 133/H20204)

Certification is valid in Europe, the United States, Switzerland, England, Canada, Japan, Australia, New Zealand and Israel (see *Mutual Recognition Agreements of the European Medicines Agency*).

The figure below illustrates the three phases of Philogen's history from 1996 to Dec. 31, 2024, with their respective industrial achievements.



Note: 1L first-line treatment (i.e., newly diagnosed patients); 3L third-line treatment (i.e., patients who have failed 2 lines of therapies); Oligomet. NSCLC: oligometastatic non-small cell lung cancer; NMSC: non-melanoma skin cancer

2. Group Strategy

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

The Group's Pipeline is depicted below:

	Prodotto	Partnership	Indicazione	Preclinica	Fase I	Fase II	Fase III
Anticorpi coniugati a citochine (terapia)	Nidlegly™		Melanoma localmente avanzato (EU) Melanoma localmente avanzato (US) Melanoma avanzato di stadio III/IV BCC ¹ ed cSCC ² localmente avanzati Tumori alla pelle non melanoma (basket)				
						Domanda all'AIC sottomessa all'EMA	
	Fibromun + doxorubicina		Sarcoma dei tessuti molli (1° linea, EU)			Arruolamento completati	
	+ doxorubicina		Leiomyosarcoma (1° linea, US)			Arruolamento completati	
	+ dacarbazina		Sarcoma dei tessuti molli (≥3° linea)			Arruolamento completati	
	Monoterapia		Glioma (2° linea)			Arruolamento completati	
+ lomustina		Glioblastoma (2° linea, EU)			Arruolamento completati		
+ lomustina		Glioblastoma (≥2° linea, US)			Arruolamento completati		
+ radioterapia + temozolomide		Glioblastoma (1° linea)			Arruolamento completati		
	Darleukin + radioterapia		Carcinoma polmonare non a piccole cellule			Arruolamento completati	
	Dodekin		Tumori solidi vari			Arruolamento completati	
	Dekavil		Inflammazioni croniche			Arruolamento completati	
Piccole molecole (imaging)	Onco IX (PHC-102)		Carcinoma renale			Arruolamento completati	
	⁶⁸ Ga-OncoFAP		Tumori solidi vari			Trial completato	
	⁶⁸ Ga-OncoACP-3		Cancro alla prostata			Arruolamento completati	
Piccole molecole (terapia)	¹⁷⁷ Lu-OncoFAP-23		Tumori solidi vari			Arruolamento completati	
	OncoFAP-GlyPro-MMAE		Tumori solidi vari			Cani affetti da neoplasia spontanea	
	OncoPSMA-GlyPro-MMAE		Cancro alla prostata			Arruolamento completati	
	OncoACP-3		Cancro alla prostata			Trattamento compassionevole*	

* AMG §13.2b in Germania; trials company-sponsored in preparazione

In particular,

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

The Company announced on October 16, 2023, in a separate press release that the Phase III study in melanoma of Nidlegly™ had successfully achieved the primary study objective. In light of the achievement of this clinical milestone, Philogen submitted the marketing application for the said product to the European Medicines Agency (EMA) on June 4, 2024. The EMA completed the first step of dossier validation on June 20, 2024. The preliminary process involves the submission of applications by EMA to which the Company must respond within an assigned deadline. The Company in October 2024 received requests for document supplementation, which it completed in March 2025. For further details, please refer to the events after the end of the fiscal year.

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

Progress in the field of small organic molecules that characterize the pipeline of subsidiary Philochem is also highlighted.

The controlled Philochem AG group has isolated high-affinity small-molecule organic ligands from DNA-encoded Chemical Libraries against various tumor-associated antigens. Through conjugation of these ligands to potent payloads such as cytotoxic drugs or radionuclides, it has developed a number of promising diagnostic and therapeutic small-molecule compounds.

Philochem has successfully completed two Phase I clinical trials with novel small molecule radio ligands and plans to initiate three more in the same area this year. The company's success was made possible by the group's extensive experience in DNA-encoded chemical libraries and clinical trial management.

Dr. Samuele Cazzamalli, Chief of Chemistry at Philochem, was honored in 2024 with the EFMC Award, an annual recognition for outstanding young medicinal chemists in industry. Dr. Cazzamalli was honored for his achievements in the discovery of novel small-molecule ligands against tumors via DNA-encoded Chemical Libraries.

The Group also carries out collaboration, licensing and service provision activities (including GMP activities) for pharmaceutical and biotechnology companies, entities and institutions operating in the field of biotechnology research. It has established partnerships with numerous renowned entities.



3. Intellectual property

The Group protects the results of research and development activities by making use of a large international portfolio of patents for inventions for industrial use and pending patent applications, consolidating a patent position in the field of *vascular targeting*.

The function of patents and patent applications is to protect market exclusivity for product candidates, the technical processes required for their production, or related protocols for medical treatment.

The duration of individual patents depends on the legal duration of patents in the countries in which they were obtained. In most countries, including Italy, the patent term is 20 years from the first asserted filing date of a non-provisional patent application or its foreign equivalent in that country.

The Group has more than one hundred national patents filed in different countries.

The patents mainly include (i) patents on "*vascular targets*," relating to certain ligands with affinity for *markers* of angiogenesis in certain indications; (ii) "*technology*" patents relating to key enabling technologies used in the Group's activities; (iii) "*product*" patents, that is, patents relating to product candidates for preclinical and clinical development and their constituent elements; and (iv) "*combination*" patents relating to the combination of patented product candidates with off-patent therapeutic agents.

Patent Portfolio

For the purpose of a better understanding of the intellectual properties held by the Company, the following is an outline of patents or patent applications, which are in the name of the Parent Company or of which the Parent Company holds an exclusive license as of December 31, 2024.

Philogen S.p.A.:

Country	Patents Granted/Accepted Applications	Patent Applications
Algeria	1	-
Argentina	-	1
Australia	12	4
Brazil	1	2
Canada	10	4
China	3	4
Colombia	1	-

Country	Patents Granted/Accepted Applications	Patent Applications
Eurasia	1	-
Europe	16	8
Hong Kong	4	5
India	3	2
Indonesia	1	-
Iraq	1	-
Israel	1	-
Japan	10	5
Lebanon	1	-
Malaysia	2	-
Mexico	6	3
New Zealand	4	2
Gulf Countries (GCC)	-	1
Pakistan	1	-
Peru	1	-
Russia	4	-
Singapore	1	1
South Africa	3	-
South Korea	8	2
Taiwan	2	-
United States of America	25	8
Vietnam	1	-
Patent Cooperation Treaty (PCT) ^(*)	-	4

^(*) PCT (Patent Cooperation Treaty): patent cooperation treaty - 158 states participating in the treaty to date. The holder of a PCT international patent application may pursue the application in the specific states in which he or she wishes to obtain the patent by perfecting the actual filing of the international application in each of those states within 30 months of the filing (or priority) date of the application.

Philochem AG:

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

^(*) PCT (Patent Cooperation Treaty): patent cooperation treaty - 158 states participating in the treaty to date. The holder of a PCT international patent application may pursue the application in the specific states in which he or she wishes to obtain the patent by perfecting the actual filing of the international application in each of those states within 30 months of the filing (or priority) date of the application.

Macroeconomic background

The year 2024 was a year of transition for the global economy, marked by a gradual easing of the restrictive monetary policies adopted in previous years to counter high inflation. After two years of aggressive rate hikes by major central banks, the focus shifted to the sustainability of economic growth and the possibility of a "soft landing" for advanced economies. Inflation has continued to fall, supported by lower energy commodity prices and the gradual rebalancing of supply and demand in global markets. However, persistent geopolitical tensions, uncertainties in financial markets, and economic slowdown in some regions kept volatility high.

The International Monetary Fund, in its latest survey estimates world GDP growth of 3.2 percent in 2024, up from 3.3 percent in 2023. However, this growth is uneven across economies, with the United States showing a solid performance, while the Eurozone is struggling to recover from economic weakness.

After peaking in 2022-2023, inflation fell gradually in 2024, moving closer to central bank targets. However, the pace of decline has been slower than expected due to wage pressures and uncertainties related to geopolitical tensions. In the United States, inflation averaged 3.0 percent in 2024, down from 4.1 percent a year earlier. The Federal Reserve, after holding rates steady in the early part of the year, made a 50 basis point cut in September, bringing the benchmark rate into the 4.75%-5.00% range. This decision was made in response to a cooling labor market and stabilizing core inflation. During the last two 2024 meetings, rates were cut two more times, bringing the benchmark rate into the 4.25%-4.50% range. In the euro area, inflation continued to fall, averaging 2.4 percent year-on-year. The European Central Bank began reducing interest rates in the second half of the year, bringing the deposit rate to 3.00%. The reductions were justified by continued moderation in inflation and slowing economic growth. The Chinese economy continued to show signs of weakness, with episodes of deflation alternating with moments of moderate recovery. Average inflation for the year remained close to 0.2 percent, reflecting the country's difficulty in stimulating domestic demand. The People's Bank of China maintained an accommodative approach, lowering the benchmark long-term lending rate in an effort to support the real estate sector and boost investment. The Bank of Japan ended its negative interest rate policy after years of monetary accommodation. In March, the central bank raised its benchmark rate for the first time since 2016 to 0.10 percent, signaling a gradual return to normalization of monetary policy in response to inflation above 2 percent. The year ended with a further rate hike to 0.25 percent.

Financial markets reacted positively to the central banks' more accommodative turn, with major equity indices ending 2024 in positive territory. However, in the latter part of the year, due to inflation that is seen reaching the central banks' target more slowly and new U.S. President Trump's policies seen as inflationary, the market began to discount a slower monetary workout process by central banks.

On the upswing from the second half of 2023, the health of the eurozone economy. The HCOB PMI survey shows that demand for goods and services was up in 2024 compared to last year, with a particularly healthy first half of the year. The HCOB PMI Index of Eurozone Composite Production, which consists of a weighted average of the HCOB PMI Index of Manufacturing Production and the HCOB PMI Index of Tertiary Activity, hit 49.6 in December. Over the past year, the index has seven times exceeded 50.0, the threshold separating an expanding economy from one in recession. Manufacturing activity in the eurozone, while improving over 2023, has continued to contract while services activity has been expanding for most of the year. In the United States, the composite PMI index showed an expanding economy, showing an improvement over 2023. Similar to what was shown in the Eurozone, the services sector also drove growth in the United States compared to the manufacturing sector.

In its latest publication, the International Monetary Fund confirmed its growth estimates for 2024 while raising those for 2025 slightly. In its World Economic Outlook, it now expects world GDP to rise 3.2 percent in 2024 from 3.3 percent in 2023, and then to grow +3.3 percent in 2025 (the previous estimate was +3.2 percent). As for the Eurozone, the estimates are +0.8% in 2024 and decrease by 0.2% to 1.0% in 2025. In Italy +0.6% for 2024 while estimates for 2025 are lowered by 0.1% to 0.7%. The headline inflation index is forecast to decline gradually from 6.7% in 2023 to 5.7% in 2024 and 4.2% in 2025. The forecast for 2025 was adjusted downward by 0.1%.

Philogen stock performance

Philogen's (Ticker: PHIL) share price during 2024 recorded a positive performance (+5.41 percent) ending the year at a price per share of 19.50 euros.

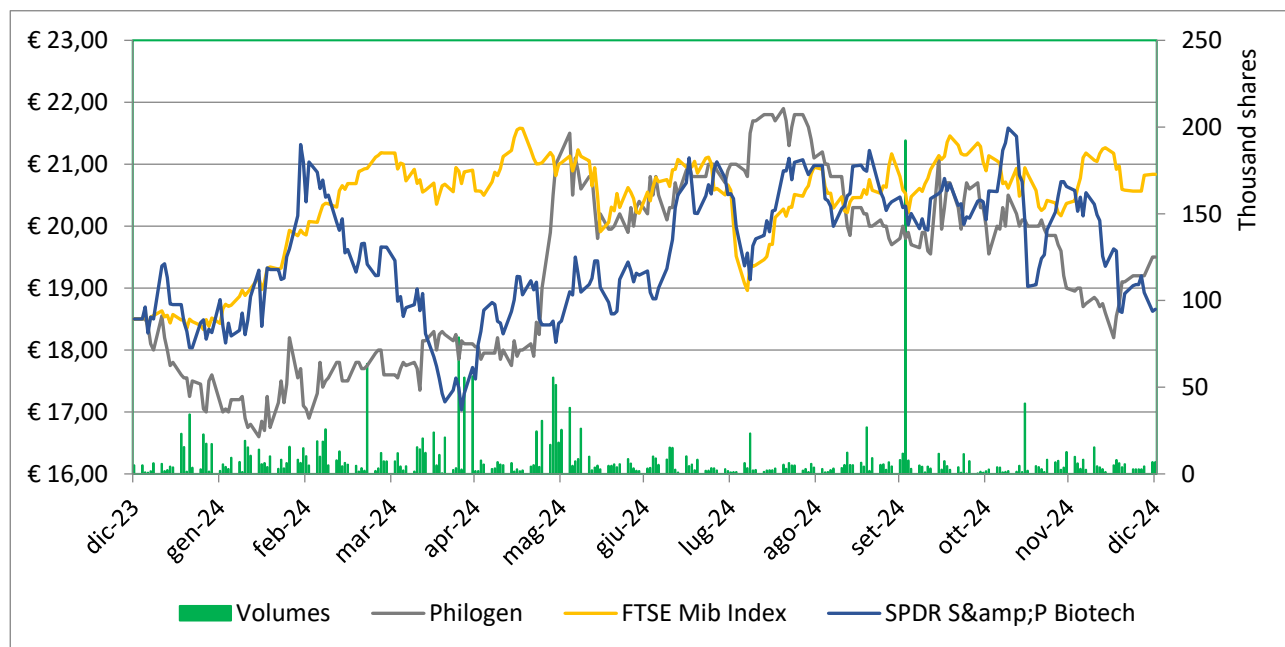
In comparative terms, the stock underperformed the market of Italian, but positioned itself above the benchmark sector. The FTSE MIB index, which represents the major domestic companies, performed better, at 12.63 percent; the FTSE Italia *Mid Cap* index, which represents companies with a similar capitalization to Philogen, also performed positively, at 7.20 percent. At the sector level, the benchmark index, the SPDR S&P *Biotech*, rose 0.86 percent. The stock is characterized by low liquidity. As is well known, 2024 expressed a positive market but biased toward larger capitalization and liquidity companies. Thus, *company-specific newsflow* was the key determinant to differentiate itself from a still very complex market where macroeconomic issues (wars, inflation, and interest rates) strongly conditioned the portfolio choices of global investors. In this context, Philogen managed to create a lot of interest in the name thanks to a pipeline of achievements well spread over the year and solid future prospects. As of December 31, 2024, market capitalization was €791.92 million. This capitalization includes both ordinary shares, which are listed on MTA, and special category B shares, which, on the other hand, are excluded from the capitalization of the Italian Stock Exchange, which only includes ordinary shares in the capitalization calculation. In particular, it should be noted that the average capitalization, net of category B shares, from the date of the start of trading (March 3, 2021) to December 31, 2024 is approximately 470 million euros.

Philogen	
Price December 31, 2024 (Eu)*	19,50
No. shares (n. mn)	40,61
Mkt Cap (Eu mn)	791,92
IPO Price March 3, 2021 (Eu)	17,00
Price January 01, 2024 (Eu)*	18,50
Price change (Eu) vs. IPO	2,50
Price change (%) vs. IPO	14,71%
Price change (Eu) 2024	1,00
Price change (%) 2024	5,41%

*Price refers to December 30, 2024 last trading day of the year 2024 and January 2, 2024 first trading day of the year

Comparison of Philogen's performance against key benchmark indices

(December 31, 2023 - December 31, 2024)



During 2024, the lowest closing price, recorded on February 12, was 16.60 euros, while the highest closing price during the reporting period, recorded on August 19, was 21.90 euros. During 2024, trading of Philogen shares on the market managed by Borsa Italiana S.p.A. reached an average daily value of 165,952 euros, equivalent to an average daily volume of 8,704 shares.

In 2024, the Company did not distribute dividends, but on April 29, 2024 it authorized a share buyback program, initially initiated on December 20, 2024, up to a maximum of 250,000 ordinary shares with a total outlay of no more than

5,000,000.00 euros. As of December 31, 2024, Philogen held 279,069 ordinary shares (equivalent to 0.6872% of the share capital). More details about the share buyback program can be found in Section 4.1 of the management report.

Below is the table of monthly volumes and countervalues from the listing date to Dec. 31, 2024.

Period	Average volumes	Average countervalue	Days on
	Italian Stock Exchange	Italian Stock Exchange	Italian Stock Exchange
Mar-21	84.044	1.365.674	21
Apr-21	19.241	297.186	20
mag-21	19.614	290.014	21
Jun-21	15.192	221.401	22
Jul-21	25.044	345.163	22
needle-21	13.709	200.180	22
set-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
mag-22	9.797	136.871	22
Jun-22	5.546	80.172	22
Jul-22	10.346	144.427	21
needle-22	1.373	19.549	22
set-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
mag-23	11.463	173.504	22
Jun-23	9.058	143.884	22
Jul-23	3.783	59.473	21
needle-23	9.191	149.760	22
set-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
mag-24	13.013	254.749	22
Jun-24	7.699	158.734	20
Jul-24	5.257	108.061	23
needle-24	4.180	88.990	21
set-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
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 from IPO a 31/12/2024	12.164	195.227	973

	Closing price			
	1 month	3 months	6 months	12 months
Simple Media (EU)	18,87	19,70	20,28	19,26
Media Poderata for volumes (EU)	18,81	19,68	20,23	19,23
Max (EU)	19,50	21,10	21,90	21,90
Min (EU)	18,20	18,20	18,20	16,60

During 2024, the Group's *Investor Relations* (IR) carried out a series of communication activities aimed at updating the financial community.

Philogen organized, as in the previous year, periodic *Webinars* to *update* on the Group's operational activities. In addition, Management and the Investor Relator participated in *Healthcare Conferences* (e.g., *Stifel European Healthcare Conference* in Bordeaux), with the aim of increasing the Company's international visibility. *One-on-one* meetings were also held with analysts and investors (both current *shareholders* and non-shareholders) and banks, both in person and by electronic means

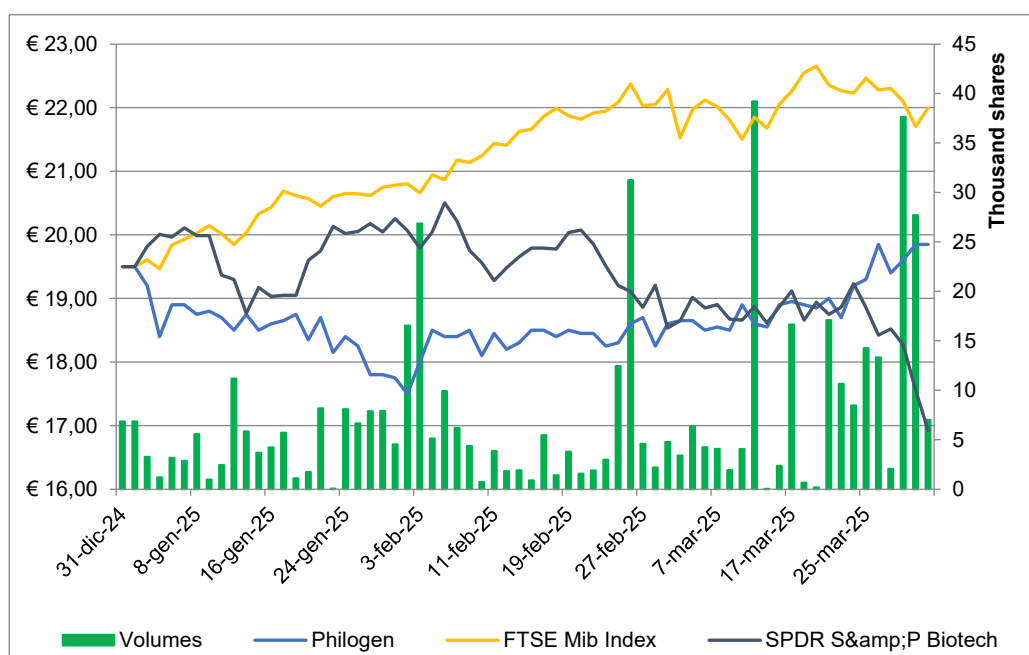
In the first weeks of 2024, Management and Investor Relator have already undertaken IR activities by attending San Francisco (in the context of Healthcare Conference JP Morgan), Milan and London (*Mediobanca Mid Cap Conference*). In addition, they held *non-deal Roadshows* organized by *Unicredit, Mediobanca, Goldman Sachs, and Stifel*

Comparison of Philogen's performance against key benchmark indices

(December 31, 2024 - April 1, 2025)

In the first quarter of 2025, Philogen's stock performed above par against the IPO price of 17.00 Euro and the biotechnology sector benchmark index (SPDR S&P Biotech -13.21%). In contrast, the stock performed below the Italian market (FTSE MIB +12.79%).

On April 1, 2025, Philogen's stock closed at a price per share of 19.85 euros, showing an increase over the 2024 close (+1.79 percent).



Comparison of Philogen's performance against key benchmark indices
(from IPO March 3, 2021 - December 31, 2024)

From IPO until the end of 2024, Philogen's stock performed positively (+14.71% as of Dec. 31, 2024), ranking below the Italian market (FTSE MIB +48.10%), but remaining solidly above the biotechnology sector's benchmark index, which fell sharply from the last months of 2021 (SPDR S&P *Biotech* -38.67%). An element that sets Philogen stock apart is the high stability of the stock, which has moved steadily in a range of €12.00 to €22.00





Management report

Foreword

Shareholders,

the Management Report 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 to accompany the annual financial statements of Philogen S.p.A. and the consolidated financial statements of the Group for the year 2024.

This Management is intended to provide income, equity, financial and management information about the Company and the Group accompanied, where possible, by historical elements and/or alternative performance indicators and is prepared in accordance with the provisions of Article 2428 of the Civil Code and Legislative Decree No. 58 of February 24, 1998 ("Consolidated Finance Act" or "TUF").

Instead, please refer to the notes to the financial statements for all news pertaining to the illustration of the financial statements and consolidated financial statements for the year ended December 31, 2024.

1. Group Disclosure

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

This is possible thanks to a scientific approach known as *tumor targeting* of which the Group is one of the recognized scientific *leaders* worldwide. In this area, the Group carries out internally all phases of its production cycle, which is divided into the discovery and production activities 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 the subsidiary Philochem AG is based.

Since 2019, the Group has focused development activities mainly on two most advanced *pipeline* products namely Fibromun and Nidlegly™ by embarking on a pathway of registration trials of the two drugs. At the same time, it has redesigned a competitive and diversified *pipeline* so as to opportunistically evaluate licensing agreements on its products or platforms in development

Specifically, with reference to the product Nidlegly™ it is reported that the Company informed the market on October 16, 2023, that it has positively achieved the primary endpoint of the Phase III Pivotal Study in patients with locally advanced fully resectable melanoma and on June 4, 2024 - Philogen S.p.A. and Sun Pharmaceutical Industries Limited together with subsidiaries and/or affiliates, announced the submission of a marketing authorization application (MAA) to the European Medicines Agency (EMA) for approval of the product Nidlegly™. The submission of the MA application is based on clinical data from the Phase 3 PIVOTAL study (PH-L19IL2TNF-02/15), the primary results of which were presented at ASCO 2024, and the Phase 2 study (PH-L19IL2TNF-02/12). If approved, the Nidlegly™ product would become the first immunocytokine-based drug to come to market

On October 1, 2024, Sun Pharmaceutical Industries Limited together with its subsidiaries and/or affiliates, and Philogen S.p.A announced that they have entered into a license agreement for the worldwide commercialization of Philogen's innovative product, Fibromun (L19TNF). Fibromun, an innovative cancer immunotherapy, is currently being tested in registrational clinical trials by Philogen for the treatment of soft tissue sarcoma and glioblastoma. Under the terms of the agreement, Sun Pharma will have exclusive rights to commercialize Fibromun worldwide. Philogen will complete ongoing registrational clinical trials for the product, pursue marketing authorization with regulatory authorities, and manufacture commercial lots. Sun Pharma will be responsible for commercialization activities.

The Group has the availability of a research and development facility in Zurich (through its subsidiary "Philochem"), where new experimental drugs are discovered. The most promising prototypes (in terms of biochemical characteristics, safety and efficacy on the basis of preclinical tumor models) are subsequently transferred to Siena where they are produced at the Company's GMP (*Good Manufacturing Practice*) facilities. Philogen has a GMP plant in Montarioso (Siena) approved by the Italian Medicines Agency (AIFA) for the production of experimental, antibody drugs in mammalian cells. A second GMP manufacturing plant was also built at the Rosia (Siena) site aimed at the production of both commercial drugs and for clinical trials. This new plant has received certification from AIFA's GMP MED office in 2023. The certification is valid in Europe, the United States, Switzerland, England, Canada, Japan, Australia, New Zealand and Israel (see *Mutual Recognition Agreements of the European Medicines Agency*).

It should be noted that the Parent Company is considered an "SME" in accordance with Article 1, paragraph 1, letter w)-quater 1 of the TUF which defines small and medium-sized enterprises, issuers of listed shares that have a market capitalization less than 1 billion euros, issuers of listed shares that have exceeded this limit for three consecutive financial years are not considered SMEs, (Consob publishes the list of companies on its website). Note that category B shares (multiple voting shares) are excluded from the capitalization of the Italian Stock Exchange. Philogen's average capitalization, net of category B shares, from the date of start of trading (March 3, 2021) to December 31, 2024 is 469.74 million euros.

2. Research and development activities

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

The Group operates through:

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

To date, research and development is the main activity of the Group.

The following table shows the research and development costs recognized in the income statement during the years ended December 31, 2024 and December 31, 2023 and their impact on the Group's total revenues from contracts with customers and total operating costs.

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Research and development costs	22.	20.831
<i>Impact on total contract revenue</i>	<i>31,0%</i>	<i>90,1%</i>
<i>Impact on total operating costs</i>	<i>63,6%</i>	<i>68,7%</i>

It is specified that research and development costs include all direct costs pertaining to *discovery* activities, basic research, preclinical development, clinical development, and production activities including the cost of personnel employed in these activities.

For more details on the Group's research and development activities, see the introductory section "*The Story*" and Note No. 6 to the consolidated financial statements on operating costs.

3. Scientific facts that occurred during the fiscal year

The following are the main scientific facts, with reference to the year ended December 31, 2024

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

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

Proprietary products

- 1) Antibody-based products:
 - o **Nidlegy™** is a pharmaceutical product, proprietary Philogen, consisting of two active ingredients, L19-IL2 and L19-TNF. The L19 antibody is specific for Fibronectin B domain, a protein expressed in tumors (and other diseases), but absent in most healthy tissues. Interleukin-2 (IL2) and Tumor Necrosis Factor (TNF) are inflammatory cytokines with antitumor activities. Nidlegy™ is currently being studied in Phase II and III clinical trials.

Regarding the European Phase III study in locally advanced melanoma, it was announced on October 16, 2023 in a special press release that Nidlegly™ had positively achieved the primary study objective. Submission for marketing application to the European Medicines Agency (EMA) was made on May 31, 2024. The EMA completed the first step of dossier validation on June 20, 2024. The preliminary process involves EMA sending questions to which the Company must respond within an assigned deadline. The Company in October 2024 received requests for document supplementation, which it completed in March 2025. For further details, please refer to the events after the end of the fiscal year.

The U.S. Phase III Study in locally advanced melanoma has enrolled more than 50 percent of patients and is being tested in about 30 clinical centers.

Finally, two Phase II studies are underway for the treatment of non-melanoma skin cancer (NMSC). The Duncan study is active in Switzerland, Germany, and Poland and focuses on advanced basal cell carcinoma (BCC) and squamous cell carcinoma (cSCC). The study has completed patient enrollment. The Society is currently planning global registrational studies in these indications scheduled to begin in early 2025. The Intrinsic study in Italy and France is also underway, which aspires to explore the activity of Nidlegly™ in 70 patients with various types of NMSC (e.g., Kaposi's sarcoma, cutaneous T-cell lymphoma, malignant adnexal skin tumors, keratocanthoma, Merkel cell carcinoma, cSCC, and BCC).

On May 30, 2023, Philogen entered into an agreement with Sun Pharma to market, license and supply Nidlegly™ in Europe, Australia and New Zealand for the treatment of skin cancer. Philogen retains rights to all other territories and indications.

In addition, on June 1, 2023, Philogen also announced a clinical collaboration agreement with *Merck Sharp & Dohme*. The agreement focuses on performing a Phase II clinical trial in patients with unresectable stage III and IV melanoma who have previously failed treatment with *check-point inhibitors*.

- **Fibromun** is a proprietary drug product consisting of the antibody L19 fused to TNF. The drug is currently being studied in six Phase I, Phase II and Phase III clinical trials.

Regarding the European Phase III Study in first-line soft tissue sarcoma (STS) in combination with doxorubicin, 125 of the 118 patients planned in the protocol were enrolled through the collaboration of 25 open clinical centers in Germany, Italy, Spain, Poland, and France. On February 20, 2024, an independent *Data and Safety Monitoring Board* reviewed the efficacy and safety data of the study in the context of a protocol-planned interim analysis and recommended that the trial be continued without changes.

Regarding the U.S. Phase IIb Study in first-line leiomyosarcoma (the most common subtype of STS) in combination with doxorubicin, the study is ongoing in seven centers in the United States. Philogen is currently opening new centers.

Regarding the European Phase II Study in third-line soft tissue sarcoma (STS) in combination with dacarbazine, 93 of 92 planned in 22 centers were enrolled.

Regarding the Phase I/II/IIb Study in first-line glioblastoma in combination with radiotherapy and temozolomide, 13 patients have been enrolled in Phase I. Cohorts 1, 2 and 3 have been completed, and cohort 4 is ongoing. A total of five cohorts are planned for Phase I, before proceeding to the single-arm portion of Phase II. Phase II with 32 patients is scheduled to begin in 2024. The randomized portion of Phase IIb, with registrational potential, envisions between 166 and 206 patients and is expected to begin when consolidated Phase II data are available.

Regarding the Phase I/II Study in European second-line Glioblastoma in combination with lomustine 15 patients were enrolled in the Phase I portion. As of December 31, 2023, 120 of the 158 patients planned for Phase II of the study have been enrolled. The encouraging data from Cohort 1 were published in the journal *Science Translational Medicine* last May 2023. The study is currently ongoing in Switzerland, Germany and Italy.

The Society has initiated a new Phase II study in Glioblastoma pretreated in combination with lomustine in the United States. The study has been approved by the U.S. Food and Drug Administration and has enrolled 20 of the 90 patients under the protocol.

On Oct. 1, 2024, Philogen announced that it has entered into an agreement with Sun Pharma to market, license and supply Fibromun globally for the treatment of cancer.

2) Small molecule products

- **OncoFAP** is small molecule with very high affinity for fibroblast activation protein (FAP). The product is suitable for diagnostic and therapeutic applications of a variety of metastatic solid tumors, as FAP is over-expressed in more than 90% of epithelial tumors (e.g., breast, colorectal, ovarian, lung, skin, prostate, and pancreatic malignancies, as well as in some soft tissue and bone sarcomas).

Regarding the development of OncoFAP-radio-conjugate for diagnostic applications, several patients with different types of cancer have already undergone *imaging* in Germany with ⁶⁸Ga-OncoFAP. In addition, it has completed the Phase I clinical trial and Partner Blue Earth Diagnostic (Bracco) will pursue product development from Phase II onward.

The therapeutic derivative, OncoFAP-23, is undergoing a Phase I clinical trial approved by AIFA. The first patient is expected in the coming weeks.

Another derivative in preclinical trials is OncoFAP-GlyPro-MMAE, consisting of (i) the OncoFAP ligand, (ii) a cleavable linker, and (iii) a cytotoxic drug, which is selectively released at the tumor site and has shown superior performance compared with other linker derivatives commonly used in antibody-drug conjugates (such as those with valine-citrulline). These small-molecule organic-based "*drug-conjugates*" are an attractive alternative to *Antibody-Drug Conjugates* due to their superior *targeting* performance and much lower manufacturing costs. To date, the drug has completed a clinical trial in dogs with spontaneous neoplasia at University of Milan where it demonstrated the ability to induce objective responses in monotherapy. It is also planned to begin GMP production of OncoFAP-GlyPro-MMAE, preparatory to beginning clinical trials in human patients.

- **OncoACP3** is small molecule with very high affinity for Prostate Acid Phosphatase protein. The product is suitable for diagnostic and therapeutic applications for prostate cancer.

Regarding the development of OncoACP3-radio-conjugate for diagnostic applications, several prostate cancer patients have already undergone *imaging* in Germany with ⁶⁸Ga-OncoACP3. In addition, a Phase I study is planned in Italy for which an experimental protocol has been submitted.

The therapeutic derivative, OncoACP3, is undergoing preparatory activities for Phase I launch. Preclinical data show excellent *tumor targeting* capabilities, which are necessary for therapeutic radiopharmaceuticals.

Products in *partnerships*

- *Partnerships* on Nidlegly™ continue with Sun Pharma in Europe, Australia, and New Zealand (marketing, licensing, and supply agreement) and with *Merck Sharp & Dohme* (clinical collaboration in the United States)
- Start *partnership* on Fibromun with Sun Pharma globally for treatment of cancer
- *Partnerships* continue on Dekavil (Pfizer) and small organic molecules (Bracco).

GM

The production workshop and Quality Control Laboratories at the Philogen site in Rosia, Siena, which was already operational at the end of FY2022, reached full functionality during FY2023 and obtained certifications from the AIFA authority.

The Documentary Quality Management System has been implemented in accordance with cGMP (*current Good Manufacturing Practice*) and mandatory EU regulatory requirements. The staff *training* plan is formalized on an annual basis, documented and reviewed by the Quality Assurance department. Any deviations and nonconformities are managed according to approved internal procedures, as is the management of corrective actions (CAPAs) generated by such events. In addition, change management and supplier status are monitored continuously. Machines, equipment, computerized systems and personnel, in their critical activities, undergo periodic validation plans in order to ensure a reliable reproducible and safe process.

Specifically, the production facility at the Rosia site, has obtained the following GMP authorizations from AIFA: (i) GMP MED Authorization 09.11.2023 (N°aM- 149/2023); (ii) Production Authorization for Commercial Products (Filling); (iii) Production Authorization for Clinical Products (Filling); and (iv) API GMP Authorization 12.06.2024 (N°API- 133/H20204) for the Production of Active Substances for Commercial and Clinical Use.

The Company owns an additional production site in Montarioso (Siena), whose GMP authorization was renewed by AIFA in 08/28/2023 (No. API-100/2023), a plant that is intended only for the production of experimental drugs for clinical trials. The Company has also invested to modernize the production systems with new bioreactors at that site. It should be noted that, the production site in Montarioso (Siena) during the first half of 2024 was also used for contract manufacturing activities.

4. Significant events that occurred during the fiscal year

4.1 . Cyber-attack

In January 2024, the Company experienced an attempted cyber-attack (ransomware category) to its computer systems that was promptly detected and contained by the Company's IT department, which immediately put in place the security and control procedures required by company protocols for this type of *cyber* attack.

The Company in this activity was supported by a leading IT company specializing in *cyber security*, which assisted it in the process of identifying and identifying the methods used for the attempted access to IT systems and simultaneously contributed its assistance in mapping the data and services affected by the attack.

Thanks to the commitment and dedication of the Company's various departments, the temporary suspension of IT systems attributable to the aforementioned attempt did not affect the Company's operations and business.

Following an overall analysis of the event, performed internally by the Company with the support of its consultants, it was possible to find that: (i) the percentage of data and/or information subject to the attempted attack was minimal, but more importantly (ii) there was no exfiltration of sensitive data such as to generate harm to the Company and/or third parties.

The findings of the event were detailed in a technical report ("*Incident Response Report*") containing specific "*remediation*" actions that the Company promptly began to implement in order to further strengthen its IT infrastructure by installing new safeguards to protect it and the data it contains.

In implementation of the *remediation plan*, the Company implemented a Security Operation Center service, SIEM system and cloud back-up with the aim of increasing the security level of Philogen's IT infrastructure.

In addition, the Company's IT department has initiated a training and education program for all personnel, with the aim of increasing awareness and sensitivity to information security.

4.2 Internal Dealing Transactions

As of July 20, 2021, director Dr. Sergio Dompé, through the company Dompè Holding S.r.l., by virtue of the confidence placed on the Group's possibilities and capabilities, purchased 602,290 ordinary shares of Philogen S.p.A. on the market, 199,308 of which were purchased during 2024.

During the second half of 2024, two other minor transactions were registered on the Company's website (<https://www.philogen.com/>) in compliance with *Internal Dealing* regulations. Detailed information is available in that section

4.3 Purchase of own shares

On April 29, 2024, the Ordinary Shareholders' Meeting, after revoking the resolution authorizing the purchase and disposition of treasury shares adopted on April 28, 2023 for the unexecuted portion, authorized the Company to purchase, on one or more occasions, treasury shares, empowering 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 specialized intermediaries, specially appointed, to purchase Philogen Sp.A., establishing the related terms and the price per share, in compliance with the applicable laws and regulations.

This resolution the Company with a strategic flexibility tool that it can use in order to:

- (i) Fulfilling 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 securities warehouse, to dispose of treasury shares in the context of agreements with strategic *partners* and/or corporate/financial operations of an extraordinary nature;
- (iii) Support the liquidity of Philogen S.p.A. stock;

(ii) Operate from a medium- and long-term investment perspective, intervening both in and outside the market;

Specifically, the Shareholders' Meeting authorized, the Company to purchase (i) ordinary shares of Philogen S.p.A, with no par value (up to a maximum of 3% of the Company's share capital on the date on which the purchase takes place); (ii) within eighteen months, in whole or in part, on one or more occasions, starting from the date of the authorizing Shareholders' Meeting resolution, within the limits set forth in Art. 2357 paragraph 3 of the Civil Code, and without time limits with reference to the acts of disposition; (iii) at a purchase or disposal price, as the case may be, which will be identified from time to time by the Board of Directors, also having regard to the method chosen for carrying out the transaction and in compliance with any regulatory requirements in force, it being understood that such price in any case shall not deviate, downward or upward, by more than 20% from the price recorded by the Philogen S.p.A. in the EXM market session on the day preceding each individual transaction.

Then, on December 20, 2024, the Board of Directors met and approved the start of the share buyback program with (i) object up to a maximum of 250,000 ordinary shares (ii) within the limits of the provisions of Article 2357 paragraph 3 of the Civil Code, (iii) for a total outlay in any case not exceeding 5,000,000 euros.

The Program runs until December 29, 2025.

As of Dec. 31, 2024, Philogen S.p.A. held a total of 279,069 ordinary shares (equal to 0.6133 % of the share capital), having previously granted 45,141 ordinary shares in implementation of the 2024-2026 Stock Grant Plan.

All notices of share buyback transactions are available and searchable on the Company's website at <http://www.philogen.com/>.

As of December 31, 2024 the Company's shareholding structure was composed as follows:

Azionista	Azionariato al 31 dicembre 2024			
	Tipologia di Azioni	Azioni	% del capitale sociale	% dei diritti di voto
Nerbio S.r.l.	<i>Azioni B</i>	8.565.018	21,09%	40,56%
	<i>Azioni Ordinarie</i>	8.098.251	19,94%	12,78%
	Subtotale	16.663.269	41,03%	53,35%
Dompè Holdings S.r.l.	<i>Azioni B</i>	2.803.232	6,90%	13,28%
	<i>Azioni Ordinarie</i>	10.056.544	24,76%	15,88%
	Subtotale	12.859.776	31,67%	29,15%
Philogen S.p.A. (*)	<i>Azioni Ordinarie</i>	279.069	0,69%	0,44%
	Subtotale	279.069	0,69%	0,44%
Mercato	<i>Azioni B</i>	-	-	-
	<i>Azioni Ordinarie</i>	10.808.997	26,62%	17,06%
	Subtotale	10.808.997	26,62%	17,06%
Totale		40.611.111	100%	100%

(*) Pursuant to Article 2357-ter of the Civil Code, the voting rights of treasury shares are suspended, but they are counted for the purpose of calculating the majorities and quotas required for constitution and resolutions of the Shareholders' Meeting.

4.4 The remuneration policy

In accordance with *best practices* applicable to listed companies, the Group, starting in 2021, the year of listing, has adopted a remuneration policy.

On April 29, 2024, in accordance with Article 123-ter TUF, the Shareholders' Meeting, having taken note of the Report on Remuneration Policy and Compensation Paid in FY2023, approved by the Board of Directors on March 27, 2024, approved Section I of the Report on Remuneration Policy and Compensation Paid, and voted favorably on Section II of the Report on Remuneration Policy and Compensation Paid.

The Report on Remuneration Policy and Compensation Paid can be found and accessed on the Company's website at (<http://www.philogen.com/>) in the Governance/Shareholder's *Meetings* section.

Monetary Incentive Plan ("MBO")

Beginning April 1, 2024 and ending March 31, 2025, the executive directors (Dario Neri, Duccio Neri and Giovanni Neri) and one Executive with Strategic Responsibilities are beneficiaries of an incentive plan, known as *management by objectives* ("MBO"), under which they may be entitled to receive an incentive, on an annual basis, the amount of which is commensurate with the achievement of corporate performance objectives.

The maximum incidence of the MBO on the annual compensation of Chairman Duccio Neri and CEO Dario Neri, respectively, is 50% (with the possibility of an additional 25% for a total of 75% of the annual compensation), while it is 20% on the annual compensation of the other CEO Giovanni Neri and finally affects 22% on the compensation of the Executive with Strategic Responsibilities.

Notwithstanding the maximum incidence of the MBO described above, on May 7, 2024, the Company's Board of Directors, upon the proposal of the Nomination and Remuneration Committee, assigned the performance objectives and defined the targets to which the maximum monetary compensation is associated to the aforementioned executive directors and the Executive with Strategic Responsibilities for the period from April 1, 2024 to March 31, 2025.

It should be noted that in line with the Remuneration Policy for the year 2023, executive directors were paid in May 2024 the MBO for the period April 1, 2023 to March 31, 2024.

With regard to the MBO 2023 assigned to a strategic executive, the Company verified the achievement of the objectives assigned, to the said executive, at the September 25, 2024 board meeting.

Medium to long-term incentive plan

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

At the Company's Ordinary Shareholders' Meeting held on April 29, 2024, the following incentive plans were approved: the "Stock Grant Plan 2027-2029" (reserved for employees and consultants of the Philogen Group) and the "Director Stock Grant Plan 2024-2026" (reserved for executive directors of the Philogen Group).

The Board of Directors meeting held on November 7, 2024, with the favorable opinion of the Nomination and Remuneration Committee, approved the regulations and identified the beneficiaries and defined the *performance objectives* and related *targets*. The features of the 2027-2029 *Stock Grant* Plan and the 2024-2026 Director *Stock Grant* Plan are explained in the respective Information Documents available and can be viewed on the Company's website at (<http://www.philogen.com/>)

See Note 27 to the consolidated financial statements and Note 29 to the annual financial statements for more information about the Incentive Plan.

4.5 Resignation of Strategic Executives and Review of Executive Directors' Proxies.

In the first half of 2024, Prof. Dario Neri, Dr. Duccio Neri and Dr. Giovanni Neri resigned from their positions as Strategic Executives of the Company, this decision was attributable to the growth and concomitant reorganization of the Company.

In view of the above, in order to ensure full operation and business continuity, the Board of Directors revised the delegated powers of the executive directors, particularly those of the CEO, the Chairman of the Board of Directors, and the Managing

Director Dr. Giovanni Neri. This revision of the operational proxies was carried out to respond effectively to the Company's new operational needs, with the aim of optimizing the decision-making process and fostering more efficient collaboration among the various corporate functions and departments.

4.6 License Agreement

In the third quarter of 2024 Philogen and Terapia SA (a Sun Pharma group company) entered into an Exclusive Commercialization, License and Supply Agreement for the innovative product Fibromun worldwide.

Under the terms of the agreement, Terapia will have exclusive rights to commercialize Fibromun for the treatment of soft tissue sarcoma (STS) and glioblastoma. Philogen will complete registrational clinical trials, pursue marketing authorization with regulatory authorities, and manufacture commercial lots. Terapia will be responsible for commercialization activities. The two companies will share post-marketing sales revenues in a ratio of approximately 45:55.

4.7 Hedging derivative termination

As of 12/31/2024, the Company has no bank debt position.

In December 2024 the Company repaid the remaining loan with Banca Intesa amounting to 1.50 million euros and consequently the underlying derivative.

For more details regarding the hedging derivative, see Note 22 to the consolidated financial statements and Note 24 to the statutory financial statements.

4.8 Construction of new building and photovoltaic system

During the first half of 2024, the Company completed a new office building/management center (approximately 700 square meters) at the Rosia (Siena) plant. The said building was constructed by Philogen within the production site in Rosia, which Philogen itself has the availability of by virtue of a real estate lease agreement signed with the company Rendo S.r.l. in May 2019. Specifically, Philogen was able to construct the said property following the authorization received from the company Rendo S.r.l. in accordance with the provisions of the lease agreement.

In light of the combined provisions of Articles 1592 and 1593 of the Civil Code, it can be considered that this property constitutes an improvement on third-party property in that it was built, on the authorization of the Rendo property, the design and construction costs of which were fully borne by the Company, to ensure that the property was built to meet specific needs of value, functionality, and above all, representation of the Company.

From an accounting point of view, such leasehold improvements are depreciated over the entire lease term of the asset to which they relate. In this specific case, the useful life has been estimated considering a tacit renewal of the lease agreement related to the Rosia site currently in place, in accordance with IFRS 16, and therefore the depreciation process will be completed in FY 2034. Please refer to the section on accounting standards for specific aspects on IAS 16 and IFRS16.

The aforementioned building is located in the immediate vicinity of the production facility built by the Company at the Rosia site, which, as specified above, has obtained the following GMP authorizations from AIFA: GMP Authorization MED 09.11.2023 N°aM- 149/2023): (i) Production Authorization for Commercial Products (Filling); (ii) Production Authorization for Clinical Products (Filling) and the Recognition and appointment of the related figure of "Qualified Person" (QP) of site.

In addition to the above, it should be noted that in March 2024, the Municipality of Sovicille issued a permit to build a photovoltaic plant at the parking lot of the Rosia site plant. The plant was completed in the year 2024. To date, it is not operational because the Enel connection has not yet been activated and the relevant regulatory documentation has not yet been completed. The construction costs are accounted for as construction in progress in these financial statements.

More information on the subject of the construction of the new building can be found in Note 30 to the consolidated financial statements and Note 32 to the annual financial statements.

4.9 Sustainability Report 2024

The Company has prepared its third Sustainability Report within which the progress made has been highlighted and the sustainability philosophy confirmed, based on concrete choices, actions and projects aimed at leading the Group towards a sustainable, solid and quo future, while continuing to generate value for investors, patients and all our *Stakeholders*.

The document was prepared in *accordance with* the "GRI Sustainability Reporting Standards (GRI) and contains, in the introductory part, the "Letter to Stakeholders," signed by the CEO and the Chairman of the Board of Directors, in which the managing directors represent the Company's commitment to the activities of preparing the Sustainability Report 2024 and indicate the strategic principles by which the Group is inspired.

In continuing the structured path of reporting on sustainability issues, through the Report the Company has carried out a stakeholder engagement activity with the twofold objective of (i) enhancing relationships and dialogue with stakeholders that have been identified as priorities by the organization and (ii) collecting and mapping stakeholders' expectations, perceptions and priorities on the impacts generated by the Group, with reference to sustainability issues, through direct stakeholder engagement activity. Disclosure is carried out according to a materiality analysis

The Sustainability Report 2024 was approved by the Board of Directors at its meeting held on March 27, 2025.

Following approval by the Board of Directors, the document was published in the "Sustainability" section on the Company's website at (<http://www.philogen.com/>) in the Governance/Sustainability - ESG section.

5. Economic and financial results of the Group and the Parent Company

5.1 Profit and loss account

The following table shows the Group's consolidated economic data for the years ended December 31, 2024 and December 31, 2023:

Figures in thousands and percent	Year ended December 31				Variations	
	2024	%	2023	%	2024 vs. 2023	%
Revenue from contract with customers	73.996	100,0%	23.130	100,0%	50.865	220%
Other income	3.657	4,9%	1.991	8,6%	1.667	83,7%
Total Revenues	77.653	104,9%	25.121	108,6%	52.532	209,1%
Operating costs (*)	(36.034)	(48,7) %	(30.320)	(131,1) %	(5.714)	18,8%
EBITDA (**)	41.618	56,2%	(5.199)	(22,5) %	46.818	900,5 %
Depreciation	(3.887)	(5,3) %	(3.641)	(15,7) %	(247)	6,8%
EBIT	37.731	51,0%	(8.840)	(38,2) %	46.571	526,8 %
Financial income	5.930	8,0%	5.141	22,2%	789	15,4%
Financial charges	(3.286)	(4,4) %	(2.482)	(10,7) %	(804)	32,4%
Earnings before taxes	40.375	54,6%	(6.181)	(26,7) %	46.556	753,2 %
Taxes	4.916	6,6%	20	0,1%	4.896	24470,6%
Profit (Loss) for the period	45.292	61,2%	(6.161)	(26,6) %	51.452	835,1 %

(*) Operating costs are given by the sum of the following balance sheet items: purchases of raw materials and consumables, costs of services, costs of leases and rentals, personnel costs, and other operating costs

(**) EBITDA is operating income 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 in the IFRS framework; therefore, it should not be considered as an alternative measure for evaluating the Group's operating income performance. The Company believes that EBITDA is an important metric for measuring the Group's performance because it allows the Group's margins to be analyzed by eliminating the effects arising from nonrecurring economic elements. Since EBITDA is not a measure the determination of which is regulated by the reference accounting standards for the preparation of the Group's consolidated financial statements, the criterion applied to determine EBITDA may not be homogeneous with that adopted by other groups, and therefore may not be comparable.

Revenues from contracts with customers amounted to 73,996 thousand euros in the year ended December 31, 2024 showing an increase of approximately 220% (23,130 thousand euros as of December 31, 2023), due to the contracts signed during the year 2024 and the continuation of previously signed contracts

As a reminder, on May 30, 2023, Philogen announced that it had entered into an agreement with Sun Pharma to market, license, and supply Nidlegly™ in Europe, Australia, and New Zealand for the treatment of skin cancer. Philogen retains rights to all other territories and therapeutic indications.

In addition, on October 1, 2024, Philogen signed a global licensing agreement with Sun Pharma to commercialize Fibromun (L19TNF), an innovative cancer immunotherapy currently being tested for the treatment of soft tissue sarcoma and

glioblastoma. Sun Pharma will have exclusive commercialization rights to Fibromun worldwide. Philogen will complete clinical trials, pursue marketing authorization with regulatory authorities and manufacture commercial lots, while Sun Pharma will be responsible for commercialization activities. The above licensing agreement consolidates the partnership with Sun Pharma, with whom Philogen had announced in 2023, that it had entered into an agreement to commercialize, license and supply Nidlegly™ in Europe, Australia and New Zealand for the treatment of skin cancer. Philogen retains rights to all other territories and therapeutic indications

The Company has no products on the market yet but is awaiting marketing authorization for the product Nidlegly™. Therefore, the Company's revenues are not yet stable, and up front payments, milestones, and progress on third-party collaboration contracts are reflected in the income statement.

Other income amounted to 3,657 thousand euros in the year ended December 31, 2024, showing an increase of approximately 83.7% over the previous year. This change is mainly attributable to the non-refundable grant related to the research and development tax credit for drugs determined on the basis of costs incurred in 2024 for this purpose.

Operating costs mainly include production material costs, clinical and preclinical service costs, personnel costs, and other operating costs and show an increase of approximately 18.8 percent from the previous year. This variance is mainly attributable to the increase in:

- (i) costs for services, which increase from 13,989 thousand euros in 2023 to 16,483 thousand euros in 2024. In particular, there are significant increases in cost items related to the clinical phase of drug trials.
- (ii) Personnel cost increased from 12,175 thousand euros to 15,623 thousand euros in 2024 due to qualified new hires and the enhancement of incentive plans for employees and directors.

More details can be found in Note No. 6 to the consolidated financial statements and Note No. 6 to the statutory financial statements

EBITDA increases exponentially from a negative value of 5,119 euros to a positive value of approximately 41,618 euros, an increase of 46,818 thousand euros

Depreciation and amortization shows an increase of about 6.8 percent due to full utilization of plant machinery and depreciation of leasehold improvements.

EBIT, calculated as the difference between EBITDA and depreciation and amortization, shows a positive balance of 37,731 thousand euros for the year ended December 31, 2024.

Net financial management for the year ended December 31, 2024 shows a net positive result of Euro 2,644 thousand given by the difference between financial income of Euro 5,930 thousand and financial expenses of Euro 3,286 thousand. The net result can be mainly attributed to the following items of financial income and expenses: (i) net capital gains from fair value valuation of financial assets valued at Euro 1,481 thousand, (ii) income from the realization of financial assets in the amount of Euro 1,373 thousand, (iii) foreign exchange gains in the amount of Euro 2,679 thousand, (iv) interest income in the amount of Euro 396 thousand, (v) realized capital losses in the amount of Euro 180 and from valuation in the amount of Euro 112 thousand, (vi) foreign exchange losses in the amount of Euro 2,473 thousand (vii) interest expenses on leases in the amount of Euro 341 thousand (viii) interest expenses on loans in the amount of Euro 144 thousand.

More details on financial management can be found in Note 7 to the consolidated financial statements and Note 7 to the annual financial statements.

It should be noted that the Company invests excess liquidity, compared to ordinary needs, in easily liquid financial instruments, in accordance with the "Policy for Financial Investment Management" approved and periodically updated by the Board of Directors. The average stock of the portfolio of financial investments in the year 2024 amounted to 58,736 thousand euros and brought a total return of approximately 5.5% given by realized income and fair value from valuation (represented in accordance with IFRS accounting standards, partly in the income statement and partly in the equity reserve of FVOCI).

More details on current financial assets can be found in Note 17 to the consolidated financial statements and Note 19 to the annual financial statements.

Taxes amounting to 4,916 thousand euros show the net balance between current taxes and deferred tax assets, the latter mainly attributable to the recognition of taxes on past tax losses.

As a result of the above, the Group closed the year as of December 31, 2024 with a net positive result of 45,292 thousand euros.

5.2 Balance Sheet

The following table shows the reclassified statement by "Sources and Uses" of the Group's financial position in the year ended December 31, 2024 and December 31, 2023:

Figures in thousands of euros and in percent	Year ended December 31		Variations	
	2024	2023	2024 vs. 2023	%
Employment				
Property, plant and equipment	15.473	15.912	(439)	(2,76)%
Intangible assets	1.159	1.245	(86)	(6,92)%
Activities by right of use	9.401	9.963	(562)	(5,6)%
Other non-current assets	1.626	2.790	(1.164)	(41,7)%
Deferred tax assets	8.468	123	(8.344)	6.757,2%
Employee benefits	(1.293)	(1.202)	(91)	(7,58)%
Deferred tax liabilities	(283)	(236)	(47)	19,8%
Other non-current liabilities	(1.107)	(1.507)	400	(26,5)%
Net fixed asset capital^(*)	33.444	27.088	6.355	23,5%
Inventories	3.260	2.248	1.012	45,01%
Activities arising from contract	3.261	1.350	1.911	141,6%
Trade receivables	760	1.281	(521)	(40,7)%
Tax credits	10.253	8.176	2.077	25,4%
Other current assets	1.062	837	226	27,0%
Trade payables	(9.550)	(7.799)	(1751)	22,5%
Liabilities arising from contract	(643)	(466)	(177)	38,1%
Tax debts	(2.135)	(239)	(1.896)	793,1%
Other current liabilities	(3.239)	(2.317)	(922)	39,8%
Net working capital^(*)	3.029	3.071	(42)	(1,4)%
Net invested capital^(*)	36.473	30.159	6.313	20,9%
Sources				
Shareholders' Equity	138.657	90.589	48.068	53,1%
Net financial debt ^(*)	(102.184)	(60.430)	(41.754)	69,1%
Total sources	36.473	30.159	6.314	20,9%

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

An analysis of the financial position shows that the Group has a positive net financial position of 102,184 thousand euros, the change in which is detailed in the following section through the Net Financial Debt schedule, and shareholders' equity of 138,657 thousand euros

Financial Indebtedness

The details of Net Financial Indebtedness as of December 31, 2024 and December 31, 2023 are prepared in accordance with the outline from ESMA Guideline 32-382-1138 of March 4, 2021 and by Consob through Attention Reminder No. 5/21:

Figures in thousands of euros	December 31, 2024	December 31, 2023
Net financial debt		
(A) Cash and cash equivalents	25.574	10.635
(B) Cash equivalents to and cash equivalents.	5.000	5.000
(C) Other current financial assets	83.154	59.709
(D) Liquidity (A+B+C)	113.728	75.344
(E) Current financial debt	37	22
(F) Current part of non-current financial debt	1.034	1.868
(G) Net current financial debt (E+F)	1.070	1.890
(H) NET CURRENT FINANCIAL DEBT (G-D)	(112.658)	(73.455)

(I) Non-current financial debt	10.473	13.025
(J) Debt instruments	-	-
(K) Trade and other current payables.	-	-
(L) Non-current financial debt (I+J+K)	10.473	13.025
(M) NET FINANCIAL DEBT (H+L)	(102.184)	(60.430)

For clarity, a reconciliation of the items shown in the Net Debt table with the Statement of Financial Position in the financial statements is provided:

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

Net financial debt as of December 31, 2024 shows a financial *surplus* of 102,184 thousand euros, composed as follows:

- Liquidity (D) in the amount of €113,728 thousand, an increase of approximately 50.98% compared to the year ended December 31, 2023. This significant change in liquidity can be attributed to the positive balance between income and expenses of some of the most significant items concern: (i) receipts for revenues from contracts with customers of approximately Euro 69,511, (ii) net financial income receipts (iii) VAT credit reimbursement of Euro 2,629 thousand, (iv) CAPEX investment outlays of Euro 3,169 thousand, and (v) procurement and operating cost outlays of Euro 30,598 thousand.
- Current and non-current financial debt (G+ L) in the amount of 11,543 thousand euros is entirely represented by the debt related to the right of use of real estate (IFRS 16) It should be noted that during 2024 there were Istat adjustments in the rent of real estate that were affected by the high rate of inflation during the period.
For more information, see Note 12 to the consolidated financial statements and Note 13 to the annual financial statements.

5.3 Alternative Performance Indicators

Management in order to assess the Group's performance monitors, among other things, the Alternative Equity and Financial Performance Indicators ("AHPs").

For a correct interpretation of these IAPs, the following is highlighted:

- GPIs are constructed from historical data and are not indicative of the Group's future performance;
- IAPs are not measures whose determination is regulated by International Financial Reporting Standards (IFRS);
- KPIs should not be considered a substitute for the indicators provided by the relevant accounting standards (IFRS);
- reading of these GPIs should be done in conjunction with the Group's financial information from the consolidated financial statements as of December 31, 2024;
- the definitions of IAPs used by the Group, as they are not derived from the relevant accounting standards, may not be homogeneous with those adopted by other groups and therefore comparable with them.

Below are the Alternative Economic Performance Indicators identified by the Group:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Revenue from contract with customers	73.996	23.130
EBITDA (*)	41.618	(5.199)
EBITDA Margin	56,2%	(22,5)%
EBIT	37.731	(8.840)

(*) EBITDA is operating income 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 in the IFRS framework; therefore, it should not be considered an alternative measure for evaluating the Group's operating income performance. Since EBITDA is not a measure whose determination is governed by the relevant accounting standards for the preparation of the Group's consolidated financial statements, the criterion applied to determine EBITDA may not be homogeneous with that adopted by other groups, and therefore may not be comparable.

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

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Profit (loss for the period)	45.292	(6.161)
Income taxes	4.916	(20)
Financial income and expenses	2.644	(2.659)
EBIT	37.731	(8.840)
Depreciation	(3.887)	3.641
EBITDA	41.618	(5.199)

EBITDA Margin is calculated as in the following table:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Revenue from contract with customers (A)	73.996	23.130
EBITDA (B)	41.618	(5.199)
EBITDA Margin (B/A)	56,2%	(22,5)%

Below are the Alternative Capital Performance Indicators identified by the Group:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Net fixed assets	33.444	27.088
Net working capital	3.029	3.071
Net invested capital	36.473	30.159
Net financial debt	(102.184)	(60.430)
<i>Financial independence index</i>	82,3%	76,0%
<i>Structure margin</i>	383,8%	301,6%
<i>Liquidity index</i>	784,1%	702,1%
<i>Indebtedness index</i>	8,3%	16,5%

The following table details the Financial Independence Index:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Equity (A)	138.	90.589
Total assets (B)	168.	119.270
Financial Independence Index (A/B)	82,3%	76,0%

The following table shows the details of Structure Margin:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Equity (A)	138.	90.
Non-current assets (B)	36.	30.
Structure margin (A/B)	383,8%	301,6%

The following table shows the details of the Liquidity Index:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Current assets (A)	132.	89.236
Current liabilities (B)	16.	12.710
Liquidity Index (A/B)	795,3%	702,1%

The following table details the Indebtedness Index:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Financial debt ^(f) (A)	11.	14.915
Equity (B)	138.	90.589
Indebtedness ratio (A/B)	8,3%	16,5%

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

The indicators set out in the tables above show that the Group's financial position is sound and liquid.

5.4 Performance of the parent company

Below are the financial figures of the Parent Company for the years ended December 31, 2024 and December 31, 2023:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31				Variations	
	2024	%	2023	%	2024 vs. 2023	%
Revenues from contracts with customers	74.749	100,0%	23.738	100,0%	51.011	215%
Other income	3.660	4,9%	1.950	8,2%	1.710	87,7%
Total Revenues	78.409	104,9%	25.687	108,2%	52.721	205,4%
Operating costs (*)	(32.078)	(42,9) %	(26.415)	(111,3) %	(5.662)	21,4%
EBITDA(**)	46.331	62,0%	(728)	(3,1) %	47.	6.469,8 %
Depreciation	(3.372)	(4,5) %	(3.143)	(13,2) %	(229)	34,0%
EBIT	42.959	57,5%	(3.870)	(16,3) %	46.830	1.210,0 %
Financial income	4.022	5,4%	4.394	18,5%	(372)	199,0%
Financial charges	(1.350)	(1,8) %	(1.370)	(5,8) %	20	(1,5) %
Income from equity investments	(5.280)	(7,1) %	(5.325)	(22,4) %	45	(0,8) %
Earnings before taxes	40.351	54,0%	(6.172)	(26,0) %	45.523	753,8 %
Taxes	4.939	6,6%	11	0,0%	4.929	45.989,6 %
Profit (Loss) for the year	45.291	60,6%	(6.161)	(26,0) %	51.452	835,1 %

(*) Operating Costs are given by the sum of the following balance sheet items: purchases of raw materials and consumables, costs of services, costs of leases and rentals, personnel costs, and other operating costs

(**) EBITDA is operating income 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 in the IFRS framework; therefore, it should not be considered an alternative measure for evaluating the Group's operating income performance. The Company believes that EBITDA is an important metric for measuring the Group's performance because it allows the Group's margins to be analyzed by eliminating the effects arising from nonrecurring economic elements. Since EBITDA is not a measure the determination of which is regulated by the reference accounting standards for the preparation of the Group's consolidated financial statements, the criterion applied to determine EBITDA may not be homogeneous with that adopted by other groups, and therefore may not be comparable.

The reclassified Balance Sheet data by Sources and Uses of the Parent Company are shown below:

<i>Figures in thousands of euros and in percent</i>	As of December 31		Variations	
	2024	2023	2024 vs. 2023	%
Employment				
Property, plant and equipment	14.191	14.478	(287)	(2,0) %
Intangible assets	799	895	(96)	(10,7) %
Activities by right of use	6.146	6.878	(732)	(10,6) %
Participations	841	5.738	(4.897)	(85,3) %
Other assets	1.	2.790	(1.164)	(41,7) %
Deferred tax assets	8.468	123	8.344	6.757,2%
Employee benefits	(1.293)	(1.202)	(91)	7,6%
Other non-current liabilities	(1.107)	(1.507)	400	(26,5) %
Deferred tax liabilities	(237)	(192)	(44)	23,1%
Net fixed assets (*)	29.435	28.001	1.443	5%
Inventories	3.149	2.128	1.021	48,0%
Activities arising from contract	3.261	1.350	1.911	141,6%
Trade receivables	1.595	1.937	(342)	(17,7%)
credits	10.206	8.101	2.105	26,0%
Other current assets	897	708	189	26,7%

Trade payables	(10.649)	(8.890)	(1.759)	19,8%
Liabilities arising from contract	(377)	(466)	88	(19,0) %
Tax debts	(2.135)	(239)	(1.896)	793,1%
Other liabilities	(2.569)	(2.001)	(568)	28%
working capital	3.377	2.629	749	28%
Net invested capital ^(*)	32.812	30.630	2.182	7%
Sources				
Shareholders' Equity	138.657	90.589	48.068	53,1%
Net financial debt ^(*)	(105.845)	(59.959)	(45.886)	76,5%
Total sources	32.812	30.630	2.182	7%

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

Details of the Parent Company's Net Financial Indebtedness as of December 31, 2024 and December 31, 2023, prepared in accordance with ESMA Guideline 32-382-1138 dated March 4, 2021 and by Consob through of the Attention Reminder No. 5/21 are shown below:

<i>Figures in thousands of euros</i>	December 31, 2024	December 31, 2023
Net financial debt		
(A) Cash and cash equivalents	24.314	9.976
(B) Cash equivalents to cash and cash equivalents.	5.000	5.000
(C) Other current financial assets	83.154	59.709
(D) Liquidity (A+B+C)	112.471	74.686
(E) Current financial debt	37	22
(F) Current part of non-current financial debt	715	6.231
(G) Net current financial debt (E+F)	752	6.253
(H) NET CURRENT FINANCIAL DEBT (G-D)	(111.716)	(68.433)
(I) Non-current financial debt	5.871	8.474
(J) Debt instruments	-	-
(K) Trade and other current payables.	-	-
(L) Non-current financial debt (I+J+K)	5.871	8.474
(M) NET FINANCIAL DEBT (H+L)	(105.845)	(59.959)

Below are the Alternative Economic Performance Indicators related to the Parent Company:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Revenues from contracts with customers	74.749	23.738
EBITDA	46.331	(728)
EBITDA Margin	62,0%	(3,1)%
EBIT	42.959	(3.870)

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

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Profit (loss for the period)	45.291	(6.161)
Income taxes	4.939	11
Financial income and expenses	2.672	3.024
Result of participation	(5.280)	(5.325)
EBIT	42.959	(3.870)
Depreciation	(3.372)	(3.143)
EBITDA	46.331	(728)

EBITDA Margin is calculated as in the following table:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
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	2024	2023
Revenues from contracts with customers (A)	74.749	23.738
EBITDA (B)	46.331	(728)
EBITDA Margin (B/A)	62,0%	(3,1)%

Below are the Alternative Capital Performance Indicators related to the parent company:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
fixed assets	29.435	28.001
working capital	3.377	2.629
Net invested capital	32.812	30.630
Net financial debt	(105.845)	(59.959)
<i>Financial independence index</i>	84,7%	75,6%
<i>Structure margin</i>	432,3%	293,1%
<i>Liquidity index</i>	786,9%	498,1%
<i>Indebtedness index</i>	4,8%	16,3%

It should be noted that Net Fixed Assets, Net Working Capital, Net Capital Employed, and Net Financial Debt are alternative performance indicators that are not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure to those provided by the Parent Company's financial statement formats for assessing the Company's financial position.

The following table details the Financial Independence Index:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Equity (A)	138.	90.589
Total assets (B)	163.	119.814
Financial Independence Index (A/B)	84,7%	75,6%

The following table shows the details of Structure Margin:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Equity (A)	138.	90.589
Non-current assets (B)	32.	30.903
Structure margin (A/B)	432,3%	293,1%

The following table shows the details of the Liquidity Index:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Current assets (A)	131.577	88.910
Current liabilities (B)	16.	17.849
Liquidity Index (A/B)	786,9%	498,1%

The following table details the Indebtedness Index:

<i>Figures in thousands of euros and in percent</i>	Year ended December 31	
	2024	2023
Financial debt ^(*) (A)	6.623	14.727
Equity (B)	138.	90.589
Indebtedness ratio (A/B)	4,8%	16,3%

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

For further comments, given the relevance of the Parent Company's data to those of the Group, please refer to sections 5.1, 5.2 and 5.3 above.

5.5 Reconciliation statement of shareholders' equity and profit of the parent company with the Group

The following is a reconciliation of the parent company's shareholders' equity and income with those of the consolidated financial statements as of December 31, 2023 and December 31, 2024:

<i>Figures in thousands of</i>	Shareholders' equity as of 12/31/2023	Result 2024	Other movements	Shareholders' equity as of 12/31/2024
Shareholders' equity Parent company	90.589	45.291	2.777	138.657
Profit and shareholders' equity subsidiaries	9.591	(5.280)	(5.738)	(1.427)
Elimination of carrying value of equity investment	(9.591)	5.280	5.738	1.427
Group equity	90.589	45.291	2.777	138.657

6. Procedure and related party relationships

In application of the current "Procedure for Related Party Transactions," the RPT Presidium (consisting of the *Chief Financial Officer and the Head of Legal Affairs*) sent to the RPT Committee the necessary communications regarding the transactions entered into by the Company, which subsequently, were recorded in the relevant register of Related Party Transactions.

During FY2024, there were transactions with related entities at normal market conditions that produced profitability in line with the company's profitability parameters.

Transactions with related parties are shown in the financial statements and described in detail in the specific Note No. 30 to the consolidated financial statements and Note No. 32 to the statutory financial statements, to which reference should be made, and do not qualify as either atypical or unusual.

7. Organizational Management and Control Model ex Legislative Decree 231/2001 and Whistleblowing Procedure

Philogen S.p.A., in order to clearly and transparently define the set of values by which it is inspired to achieve its institutional objectives, has adopted, as of 2020, an Organization, Management and Control Model pursuant to Legislative Decree 231/2001, which has been updated over time to incorporate the evolution of applicable regulations ("Model").

In particular, during 2024, the Company reviewed, updated and integrated the Model and the related Code of Ethics on the basis of legislative changes and changes to the corporate *governance* structure adopted by the Company, in order to be able to promptly incorporate them into the Model.

In 2024, the Supervisory Board carried out the appropriate internal audits inherent in Company's application of the adopted Model, conducting constant verification of the Company's activities and noting the absence of any violations and compliance with the Organizational Model adopted by Philogen

In compliance with Directive (EU) 2019/1937 and Legislative Decree No. 24 of March 10, 2023 (the so-called "*Whistleblowing Decree*"), the Company has implemented a platform for handling reports of wrongdoing concerning the Company. The recipient of any reports is the Supervisory Board, which monitors, through the platform, the communications.

In addition, the Company's Supervisory Board has initiated a training and education program targeting the Company's employees with the aim of raising awareness and sensitivity on the review of the Model and Code of Ethics.

Current versions of the Organizational Model ("*General Part*"), Code of Ethics and Whistleblowing Procedure are available both on the Company's website (<http://www.philogen.com/>) in the *Governance* section (code-ethics-and-model-231) and on the company intranet available to employees.

8. Information on corporate governance and ownership structure

Philogen S.p.A. adheres to the Corporate Governance Code for Listed Italian Companies, adapting it according to its own characteristics.

In order to meet the transparency requirements of industry regulations, the "Report on Corporate Governance and Ownership Structure" required by Article 123-bis of the Consolidated Law on Finance was prepared, containing a general description of the governance system adopted by Philogen S.p.A. as well as information on the ownership structure, the organizational model adopted pursuant to Legislative Decree No. 231 of 2001, and the degree of adherence to 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.

In particular, the aforementioned "Report on Corporate Governance and Ownership Structure" indicates the most significant events that characterized corporate management during 2024, including, the resignation of key executives Dr. Duccio Neri, Prof. Dario Neri and Dr. Giovanni Neri, Chairman of the Board of Directors, Chief Executive Officer and Managing Director, respectively, and the consequent revision to the powers delegated to the aforementioned executive directors, and the assessments made by the Board of Directors on the "Committee's Recommendations for 2024" contained in the letter sent to the Company by the Chairman of the Corporate Governance Committee at the Board of Directors' meeting on January 30, 2025.

This document is available on the Company's website [at \(http://www.philogen.com/\)](http://www.philogen.com/)

9. Risk Assessment

In accordance with industry regulations, applicable laws and the Corporate Governance Code dictated by the Italian Stock Exchange, the Group has adopted an Internal Control and Risk Management System (SCIGR), a set of "tools" (directives, procedures, etc.) intended to provide reasonable assurance regarding the achievement of the objectives of operational efficiency and effectiveness, reliability of financial and management information, compliance with laws and regulations, and safeguarding of corporate assets.

The Group has a corporate governance model whose main functions and bodies involved in audit activities or recipients of audit results are:

- Board of Directors, which plays a role in guiding and evaluating the adequacy of the system and has identified from among its members an Executive Director to oversee the functionality of the SCIGR;
- Board of Auditors, which supervises the effectiveness of the SCIGR;
- Risk Control Committee with the task of supporting, with adequate preliminary activity, the evaluations and decisions of the Board of Directors related to the internal control and risk management system, as well as those related to the approval of periodic financial reports;
- Financial Reporting Officer, who oversees the adequacy and effective application of proper accounting procedures;
- Internal Audit, a function responsible for verifying that the SCIGR is functioning and adequate;
- Single-member Supervisory Board, with the task of verifying the efficiency and effectiveness of the Organization Control Model (and where necessary amend and supplement this Model), with respect to the prevention and commission of the crimes provided for in Legislative Decree 231/2001;
- Function heads, responsible for overseeing the proper application of company procedures.

The adequacy of risk mapping and, consequently, the related Audit Plan is constantly monitored by the Company, which is supported in this activity by the Internal Auditor's function. During 2024, the Internal Auditor's function undertook the audit activities set forth in the Audit Plan 2022-2024, according to the Audit methods, methodologies and techniques set forth therein.

Specifically, the following risks were audited as per the audit plan: "Insider trading and market abuse" (Risk R28), "Personnel safety" (Risk R17) and "Profitability and marginality" (Risk R13). At the outcome of the audit of each area, Internal Audit sent the Company a specific Audit Report containing a summary of the activities carried out and any observations and/or suggestions addressed to the Company.

In the final part of the year 2024, the phase 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 developments and integrating key ESG factors.

The Audit plan for the three-year period 2025-2027 will be submitted to the Board of Directors for approval on March 27, 2025.

10. Management and coordination activities

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

11. Secondary locations

The company has no branch offices.

12. Major risks and uncertainties

The following is a more detailed analysis of the information as specifically required by the provisions of Article 2428 of the Civil Code.

The mapping and management of business risks is an activity carried out constantly by the Group to frame in terms of probability and impact all aspects that, in some way, may hinder the achievement of business objectives. Business risks are distinguished between operational, if related to business processes and activities, and financial, if related instead to the financial area.

12.1 Strategic and operational risks

Risks related to dependence on senior figures, key personnel, and specialized personnel

By virtue of the specialized nature of its activities, the Group is significantly dependent on qualified management and other key scientific personnel, for whom it faces intense competition and will need to expand in order 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 possible loss of key personnel, or the inability to attract and retain additional qualified personnel, could adversely affect the development and commercialization of product candidates. The occurrence of such risks could result in serious adverse effects on the Group's economic, financial and asset position.

Risks associated with conducting research, clinical and preclinical studies, and manufacturing

The Group's strategy is aimed at the commercialization of pharmaceutical products that are still in the experimental phase, only two of which are in the more advanced study phase. There are significant uncertainties related to the success of the experimental phase and obtaining approvals from the relevant authorities to market the pharmaceutical products. In addition, the products, may not meet market expectations in terms of efficacy and safety and, therefore, no revenue could be generated from their commercialization. If the Group is unable to commercialize the products and license its product candidates, or other competing products are preferred by the market over the Group's products, there will be serious adverse effects on the Group's economic, financial and asset position.

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

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

Risks associated with changes and non-compliance with industry regulations

In conducting the clinical trial activities of compounds, the Group must comply with relevant national and international regulations, including, in particular, the Good Manufacturing Practice ("GMP") and Good Clinical Practice ("GCP") guidelines. Any changes in the current regulatory framework could result in a lengthening of the expected timeframe for the production of compounds and/or the clinical testing of them, and an increase in costs, with consequent negative effects on the Group's own economic, asset and financial situation.

Risks related to information systems

Information technology systems are exposed to the risk of computer network failures and/or malfunctions, data security breaches, the risk of viruses, unauthorized access as well as natural events that could result in a loss of data or the dissemination/communication of confidential and/or proprietary information with potential negative effects on the Group's activities and prospects for growth and development. Philogen ensures the security of sensitive data and information and intellectual property by managing the entire cycle that includes detecting threats and defining countermeasures in response to attacks suffered. The Group's IT defense system includes specific organizational safeguards - in compliance with regulations and reference standards, which imply the adoption of specific requirements and timelines in the area of incident and/or data *breach* reporting - as well as ongoing operator training and operational tools

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

Financial risks are defined as financial risks arising from owning or trading financial instruments. The Company invests by diligently following a financial investment policy approved by the Board of Directors that is constantly monitored and updated. The Group is subject to the risk of changes in the *fair value* of the financial instruments held in its portfolio, the value of which as of December 31, 2024 was 83,154 thousand euros. The occurrence of this risk could have significant adverse effects on the Group's economic, financial, and equity position. Detailed tables of financial risks are set out in Note No. 28 to the consolidated financial statements and Note No. 30 to the statutory financial statements

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. Manufacturing activities are limited to Italy and Switzerland and therefore the Group is exposed to fluctuations between the euro and the Swiss franc. The functional currency is the euro, Philogen is subject to foreign exchange risk arising from the translation of the financial statements of the Swiss subsidiary Philochem AG, affecting consolidated net income and consolidated shareholders' equity (translation risk). For more details on financial risks, see Note 28 to the consolidated financial statements and Note 30 to the statutory financial statements.

Risks associated with existing leases

As part of the management of leased properties, the Company constantly monitors rental risk, i.e., the risk arising from the possibility that leased properties will undergo changes in rents or in the duration of leases as originally contractually agreed upon (renewal could be on less favorable terms than in previous years) or in the costs associated with the management of leased space or difficulty, in the event of non-renewal of leases, in finding additional space and/or real estate at which to conduct business.

13. Environmental and occupational safety information

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 (GMOs). Personnel undergo specific training on the subject and operate according to procedures designed to minimize the risks of contamination, not only biological. Disposal of special waste is carried out in accordance with current regulations (D. Lgs.152/06), according to dedicated procedures, with the support of a specialized and authorized company.

Based on 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 activated for all employees divided into general and specific training courses, courses that employees follow according to a schedule specified by the applicable industry regulations.

In carrying out its activities, the Company employs chemical and biological agents for which specific risk assessments are carried out in accordance with Legislative Decree 81/2008. The staff also uses equipment and personal protective equipment (PPE) in line with regulations.

The Company believes that it conducts its business in compliance with environmental regulations and permits required by applicable laws, and is constantly striving to operate in an environmentally responsible manner.

Group personnel are constantly updated and trained with reference to applicable industry regulations. In particular, training and refresher courses were conducted in 2024 aimed at increasing the number of First Aid employees, depending on the increase in the workforce. This course was enriched with an optional module inherent in specific training on the use of the defibrillator, a life-saving device increasingly recommended in Companies. Fire emergency management training courses have been carried out to implement ensure full coverage at both the Rosia and Montarioso sites, and it is planned for 2025 to further implement both fire and first aid officers. During the first half of 2024, the ASPP course (Module A and Module B) for a new company figure and training and refresher courses for Managers, Supervisors, RLS and forklift drivers were held. Also in the second half of 2024, a series of training courses began that will cover work at heights, confined spaces, work on electrical equipment (PES-PAV-PEI) and 3rd degree boilermaker.

Finally, it should be noted that no final sanctions or penalties have ever been disbursed against the company for environmental crimes or damages.

14. Responsibility to the environment and climate change

The European Securities and Markets Authority (ESMA) signals the importance for the Company to consider key climate risks and impacts when preparing and 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 commitments at the international and European level such as the 2015 Paris Agreement and the European Climate Act (EEC/EU Regulation 1119 June 30, 2021).

With a view to combating climate change, the Company is committed to contributing positively to the protection of the environment through the development of strategies and initiatives aimed at encouraging the minimization of environmental impacts related to the conduct of business activities.

In particular, the Group's production facilities are subject to current environmental regulations, specifically:

- the Montarioso (Siena) site, has an AUA (Autorizzazione Unica Ambientale) discharge permit issued by the Municipality of Monteriggioni (Siena), which is scheduled to expire in the year 2032;
- the Rosia (Siena) site has an AUA (Autorizzazione Unica Ambientale) discharge permit issued by the Municipality of Sovicille (Siena), which is scheduled to expire in the year 2030.

These regulations, enforced within the two sites (Montarioso and Rosia) regulate, among other things, the release of air emissions and the storage and disposal of hazardous waste.

In light of commitments at the international and European level, such as the 2015 Paris Agreement and the European Climate Act as well as the *regulator's* numerous interventions in recent years, the Company recognizes the importance of combating climate change and is committed to contributing positively to environmental protection through the development of strategies and initiatives aimed at encouraging the minimization of environmental impacts related to the conduct of business activities.

Therefore, the Group is committed to protecting and safeguarding the environment through continuous improvement of energy efficiency levels of consumption and promoting the use of renewable sources. The first step toward reducing energy consumption from non-renewable sources is certainly to reduce electricity consumption.

Among the improvement actions, with a view to energy efficiency and emission monitoring, a photovoltaic system was installed at the Rosia (Siena) site. For this purpose, an agreement was signed with the Gestore dei Servizi Energetici (GSE) for the recognition of incentive tariffs for electricity produced by photovoltaic conversion of the solar source, which is incentivized under Article 7 of Legislative Decree 387/03, Ministerial Decree of May 5, 2011.

With reference to water resources, the production of injectable solutions makes it necessary to use machinery to treat water taken from aqueducts in order to make it suitable for medical application. During the fine-tuning phase of the Rosia

plant, the Group installed only state-of-the-art treatment equipment, which ensures very low energy consumption compared to older equipment.

For a company such as the Group's, which is involved in biopharmaceutical research and the production of experimental drugs, the care and proper management of the waste produced is also of paramount importance.

Philogen produces both ordinary municipal waste, which is disposed of through separate collection, and special waste, which is collected by specialized firms. For the former, the separate collection system at the Montarioso site, operated by a specialized company, ensures proper disposal of all municipal waste. At the Rosia plant, the system of separate disposal of ordinary waste has also been completed. Special waste generated by the laboratories is stored inside a special warehouse, collected in approved containers for sanitary waste, and is disposed of by a specialized company in the manner prescribed by law.

Philogen relies on a company certified under ISO 14001 for the activities of "Special Waste Collection and Transport, Brokering, Asbestos Disposal and Remediation, Environmental Consulting" and present among the organizations registered under EC Regulation No. 1221/2009. Liquid waste generated by the production process, on the other hand, is conveyed by a sewage collection system and then collected in a special collection *tank*. Subsequently, they too are disposed of by a specialized company according to current regulations.

In order to respond promptly to the new legislation (Art. 188-bis of Legislative Decree 152/2006, DM 59/2023) Philogen implemented Rentri (National Register for Waste Traceability), the new system by which Italy introduced the digitization of documents related to the movement and transport of waste.

Rentri's goal is to improve waste traceability, as also envisioned in the National Strategy for the Circular Economy and the National Waste Management Program

Within the sustainability journey, undertaken by the Group, environmental protection occupies a central role. For further details in this regard, please refer to the Sustainability Report 2024, which can be found and accessed on the Company's website at (<http://www.philogen.com/>) in the *Governance (Sustainability - ESG)* section.

15. Personnel information

As of December 31, 2024, the Group had 183 employees, of whom 142 were hired by Philogen S.p.A., at its plants in Siena (Rosia and Montarioso), and 41 by Philochem AG, at its site in Zurich, marking a total increase of about 10.30 percent compared to December 31, 2023.

The increase, represented in the table below, is from (i) Philochem: 9 hires and 6 terminations (ii) Philogen: 37 hires and 23 terminations.

Number of Group punctual employees	As of December 31	As of December 31	Variations	
	2024	2023	2024 vs. 2023	%
Employees	183	165	17	10,30%

The Group is committed to pursuing a personnel policy aimed at selecting professionals in the area of research and development of new technologies, products and processes, fostering training and *know-how* exchanges internationally.

The Group's staff is highly qualified and specialized, an aspect that contributes to enhancing the company's competitiveness.

Disclosure of new hires:

Qualification	Philochem AG			Philogen S.p.A.			Group		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Ph.D.	2	-	2	-	7	7	2	7	9
Degree	2	4	6	8	13	21	10	17	27
Diploma	-	1	1	6	3	9	7	3	10
No title	-	-	-	-	-	-	-	-	-
Grand total	4	5	9	14	23	37	19	27	46

In order to keep staff constantly updated with regard to specific issues and industry regulations, various training and refresher courses were conducted during the year 2024. Below we indicate the most relevant courses:

- Advanced level course in Business English, with individual lessons lasting 10 hours, dedicated to executive staff.
- Training course "Mini Master - ESG: combinations for sustainability" lasting 82 hours, intended for staff involved in the preparation of the Sustainability Report, with the aim of developing the skills needed to report sustainability data under the new CSRD "Corporate Sustainability Reporting Directive."
- Training course lasting 48 hours, functional for the acquisition of the role of Employee in the Prevention and Protection Service (ASPP), according to the provisions of the State-Regions Agreement of 7/7/2016.
- Training plan designed to update the staff of the Pharmacovigilance Department, entitled "Pharmacovigilance System: Audit & Inspection Readiness," lasting 8 hours.
- Update on "Good Laboratory Practice," organized by Quality Management Associates, for the staff of AQA Laboratory, AQA Quality Assurance department and IT department lasting 1 day.
- "EudraVigilance" training course lasting 22.30 hours and organized by DIA. The course was for an employee of the Pharmacovigilance department and was aimed at providing specialized training on the use of the EudraVigilance system.
- 1-day training course, organized by QSGROUP, entitled "A3P Sterelization & Decontamination," which was attended by four employees from various departments: GMP Quality Assurance, Production, and Microbiological Quality Control.
- In-depth course at the 31st GIQAR National Congress lasting 3 days in which some employees of the Bioanalytics department participated. The central theme of the Congress was "Quality, Compliance and New Digital Challenges."
- Professional refresher course organized by "AFI Scientific Society" and lasting 3 days on the occasion of the 18th National Meeting Of Qualified Persons (QPs) in Pharmaceuticals. The conference was attended by the 3 QPs of the company.
- "English B1+" language course lasting 30 hours and organized by "L.E.A.D Educational Institute", aimed at improving the level of English language proficiency of the staff attached to the Clinical Department, with synchronous distance group classes.
- "English B2" language course lasting 30 hours and organized by "L.E.A.D Educational Institute," aimed at perfecting the level of English language proficiency of the staff attached to the Clinical Department, with synchronous distance group classes.

The Group has always paid close attention to issues of gender equality and inclusion.

Currently, about 59% of employees are female and come from more than 12 different countries.

Top management is gender-balanced, a feature that has distinguished the Group since the pre-listing period: the CFO has been in office since 2007, the HR Manager since 2008, and the Company Legal Counsel since 2016. In addition, since 2022 a new Deputy Chief Medical Officer has joined the Group, since 2023 a Qualified Person for the Montarioso site, authorized by AIFA in August 2023. Finally, a Head of Quality Control and a new Head of Quality Assurance joined the Group in 2024.

Since 2016, Philogen has boasted female representation on the Board of Directors, with the appointment of Dr. Nathalie Dompé, and post IPO with the inclusion of Avv. Marta Bavasso and Dr. Maria Giovanna Calloni. Senior roles within the Research function have also been filled by women, both in the past and currently. Prof. Cornelia Halin is a member of the Scientific Advisory Board, and the antibody research area has been led by a female scientist for many years.

Finally, in compliance with Italian law, Philogen employs 7 people belonging to protected categories. The Group does not detect any specific risks related to diversity and inclusion, but sees in a proper and careful management of these aspects

an opportunity to create a work environment that fosters creativity and confrontation. As of the date of this Report, the Company does not consider it necessary to adopt specific diversity policies in relation to employee composition, gender composition, and educational and professional background. Protection of information and data

The Group operates in the pharmaceutical and biotechnology industry sector, which, being highly regulated, provides for and requires the application 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, regulate the collection, protection and processing of personal data, including the processing of particular categories of data such as, for example, health data collected in anonymized form as part of clinical trials. In Italy, in particular, the Garante per la protezione dei dati personali has issued specific guidelines for the processing of personal data in the context of clinical trials of medicines. The Group is also subject to industry guidelines and internal privacy policies and procedures, as well as data protection obligations to third parties.

In the course of drug trial activities, the Group receives, processes, and stores anonymized patient data in accordance with applicable clinical trial regulations. The Group has implemented policies and procedures to comply with applicable privacy laws and industry guidelines that provide mechanisms to ensure that patient data enrolled in clinical trials, received in anonymized form, are protected and kept secure throughout the duration of treatment.

In clinical trials, various medical/clinical information and biological samples are collected. In general, such data are 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, so-called 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" (Deliberation No. 52 of July 24, 2008); regulations to which the Company adheres in the management, storage and archiving of data derived from its trial activities.

For the purpose of clinical trials, the Group signs specific agreements for the receipt, management and storage of anonymized data that are received from clinical centers at which the Group's proprietary drug trials are conducted.

16. Protection of information and personal data

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For the purpose of clinical trials, the Group signs specific agreements for the receipt, management and storage of anonymized data that are received from clinical centers at which the Group's proprietary drug trials are conducted.

17. Significant events after the end of the fiscal year

The major events after the close of FY2024 are:

- Purchase of own shares

The share buyback program initiated in December 2024 continues in the year 2025. As of March 26, 2025, the Company held a total of 315,639 treasury shares.

AIFA Inspection.

From February 18 to 21, 2025, the Company received the inspection by AIFA, of the "general review" type of the API GMP Authorization (Authorization for the Production of Active Substances for Commercial Use) originally issued on January 5, 2024 and subsequently supplemented on June 12, 2024 for the Rosia GMP site. The inspection was successfully concluded and the Company received on March 4 the final report from AIFA with minimal observations.

- eCTD

With reference to the submission of the authorization dossier sent to EMA on May 31, 2024, aimed at granting marketing authorization for the product Nidlegly™, the Company will have to respond to the comments received by EMA in September 2024, by March 21, 2025.

- Internal Revenue Service

On March 7, the Siena Internal Revenue Service initiated a tax audit for direct tax purposes for tax years 2019 to 2023.

18. Foreseeable development of management

The status of various industrial programs can be summarized as follows:

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

Following the submission of the *Marketing Authorization Application* documentation to the European *Medicines Agency* (EMA). The dossier review process is expected to be completed by mid-2025

Patient enrollment in the U.S. Phase III trial in stage IIIB/C melanoma continues in line with company expectations. To date, 33 centers have been opened.

The Group has completed the Phase II study (Duncan) in basal cell carcinoma (BCC) and cutaneous squamous cell carcinoma (cSCC), and the Intrinsic study is underway in a basket of patients with non-melanoma skin cancers where 38 of the 70 patients under the protocol have been treated.

Preparatory activities for new registrational experimental studies in the BCC and cSCC are underway.

- **Fibromun - a biopharmaceutical product, proprietary to Philogen, designed for the treatment of soft tissue sarcoma (STS) and Glioblastoma**

In the European Phase III study in the first-line STS, in combination with doxorubicin, completed enrollment. The study was conducted in Germany, Italy, Spain, Poland and France. Patients are randomized 1:1. Fifty percent of patients are treated with doxorubicin (control arm) and the other 50 percent of patients are treated with doxorubicine in combination with Fibromun (experimental arm). The study, whose primary endpoint is *Progression Free Survival* (PFS), was designed to observe at least 80% improvement in the experimental arm versus the control arm. Based on historical data, the *median* PFS of doxorubicin alone is expected to be around 4.6 months. As of the date of this report, events (disease progression) are awaited for completion for the study, which is expected in the first half of 2025.

The American Phase IIb study in first-line leiomyosarcoma in combination with doxorubicin is ongoing at 7 clinical centers in the United States. Please note that leiomyosarcoma is the most common subtype of STS.

The randomized phase of the European Phase II trial in the third-line STS in combination with dacarbazine continues. The *trial* has completed enrollment of protocol-expected patients. As of the date of this report, events (disease progression) are expected for completion for the study, which is expected in the first half of 2025.

Regarding the Phase I/II Study in second-line Glioblastoma in combination with lomustine, Phase I is completed with 15 patients divided into 3 cohorts and Phase II is ongoing. As of the date of this Report, 146 of the 158 patients scheduled for Phase II of the study have been enrolled. The study is currently ongoing in Switzerland, Italy, France and Germany. Enrollment is expected to be completed in the first half of 2025.

The Phase I/II/IIIb study in first-line Glioblastoma in combination with radiotherapy and temozolomide continues at the University Hospital of Zurich. Currently, Phase I has been completed and the Group is preparing the transition to Phase II.

- **OncoFAP-small organic molecule with high affinity for Fibroblast Activation Protein (FAP).** FAP is highly expressed in more than 90% of epithelial tumors. The Company is to date developing several pharmaceutical derivatives based on the OncoFAP ligand

⁶⁸Ga-OncoFAP (radio-diagnostic derivative) has completed Phase I clinical *trial* in patients with solid tumors. Blue Earth Diagnostic (Bracco) is planning the Phase II study.

A *company-sponsored* clinical trial of ¹⁷⁷Lu-OncoFAP-23 (radio-therapeutic derivative) has begun. The study is approved by AIFA and the first patient is expected in the near future.

Experimental data obtained in several preclinical models with OncoFAP-GlyPro-MMAE (a nonradioactive derivative of OncoFAP conjugated to cytotoxic drugs) have shown an excellent ability to block the growth of several tumor types. To date, the drug is undergoing a clinical trial in dogs with spontaneous neoplasia at University of Milan. It is also planned to begin GMP production of OncoFAP-GlyPro-MMAE, preparatory to starting clinical trials in human patients

- **OncoACP3 is small molecule with very high affinity for Prostate Acid Phosphatase protein. The product is suitable for diagnostic and therapeutic applications for prostate cancer.**

Regarding the development of OncoACP3-radio-conjugate for diagnostic applications, several prostate cancer patients have already undergone *imaging* in Germany with ⁶⁸Ga-OncoACP3. In addition, a Phase I study is planned in Italy for which an experimental protocol has been approved by AIFA.

The therapeutic derivative, OncoACP3, is undergoing preparatory activities for Phase I launch. Preclinical data show excellent *tumor-targeting* capabilities needed for therapeutic radiopharmaceuticals. The first patient was treated in Germany under compassionate use (under the law defined by AMG 13.2b). The drug confirmed the excellent results obtained at the preclinical level in that, once administered, it remains in the tumor for at least 7 days.

- **Products in *partnerships***

Partnerships continue on (i) Dekavil (Pfizer) and (ii) on organic small molecules (Janssen and Bracco), (iii) Nidlegly™ (Sun Pharma and MSD), and (iv) Fibromun (Sun Pharma)

- **New GMP Plant Rosia (Siena)**

Philogen owns two GMP production facilities in Rosia (Siena) and Montarioso (Siena). The Rosia site is finalized for production of commercial and investigational drugs. The Montarioso (Siena) site will continue to be dedicated to the production of experimental drugs, both Group and third-party.

The Rosia production site currently has the following approvals from AIFA:

- MED GMP Authorization 09.11.2023 No.aM- 149/2023):
 - 1, Production Authorization for Commercial Products (Filling in asepsis);
 2. Production Authorization for Clinical Products (Filling in asepsis).

- API GMP Authorization 12.06.2024 No.API- 133/H20204)
 1. Authorization for the Production of Active Substances for Commercial Use;
- Montarioso production site
 1. Renewal of Authorization for the Production of Active Substances for Experimental Use (GMP API 28.08.2023 N°aAPI- 100/2023);
 2. Renewal of Authorization for the Production of Experimental Medicines (GMP MED) n - aM 29/2024 dated 13/02/2024 (GMP CERTIFICATE No:IT/38/H/2024).

Proposed allocation of operating income as of December 31, 2024

The Financial Statements of Philogen S.p.A., also illustrated through the examination of this Report and the Notes to the Financial Statements, show a profit for the year 2024 of 45,290,902.20 euros.

It is proposed to allocate 5% amounting to 2,264,545.11 euros to the legal reserve and the remainder amounting to 43,026,357.09 euros to the "Retained Earnings" reserve.



Consolidated financial statements

Consolidated statement of income

Figures in thousands of Euros

	Notes	Year ended December 31			
		2024	Of which with related parties	2023	Of which with related parties
Revenues from contracts with customers	5	73.996		23.130	4
Other income	5	3.657		1.991	
Total revenue and income		77.653		25.121	4
Purchases of raw materials and consumables	6	(3.092)		(3.472)	
Costs for services	6	(16.483)	(2.170)	(13.990)	(1.269)
Costs for the use of third-party assets	6	(338)		(253)	
Personnel costs	6	(15.623)	(206)	(12.176)	(660)
Depreciation	6	(3.887)	(1.898)	(3.641)	(809)
Other operating costs	6	(498)		(430)	
Total operating costs		(39.922)	(4.274)	(33.961)	(2.738)
Operating income		37.731	(4.274)	(8.840)	(2.734)
Financial income	7	5.930		5.141	
Financial charges	7	(3.286)	(335)	(2.482)	(353)
Total financial income and expenses		2.644	(335)	2.659	(353)
Earnings before taxes		40.375	(4.609)	(6.181)	(3.087)
Taxes	8	4.916		20	
Profit (Loss) for the period		45.292	(4.609)	(6.161)	(3.087)
Profit (Loss) for the period attributable to shareholders of the parent company		45.292		(6.161)	
Earnings (Loss) per share (in Euros)	9	1,12		(0,15)	
Diluted earnings (loss) per share (in Euros)	9	1,12		(0,15)	

Consolidated statement of comprehensive income

Figures in thousands of	Notes	Year ended 31	
		2024	2023
Profit (Loss) for the period (A)		45.292	(6.161)
<i>Other gains (losses) that will be later reclassified to net income (loss) for the period</i>			
Translation differences of foreign financial statements	20	(208)	402
Profit (loss) from cash flow hedge	20	(200)	458
Fiscal effect	20	56	(128)
Total other gains (losses) to be later reclassified to profit (loss) for the period (B)		(352)	732
<i>Other gains (losses) that will not be subsequently reclassified to net income (loss) for the period</i>			
Profit (loss) from valuation of financial assets measured at fair value	20	127	112
Actuarial valuation gain (loss) on employee benefits	20	(10)	(4)
Fiscal effect	20	(28)	(26)
Total other gains (losses) that will not be subsequently reclassified to net income (loss) for the period (C)		89	82
Total other components of comprehensive income (B+C)		(263)	814
Comprehensive income (loss) after tax (A+B+C)		45.029	(5.347)
Comprehensive income (loss) attributable to shareholders of the parent company		45.029	(5.347)

Consolidated statement of financial position

Figures in thousands of Euros			Of which with related parties		Of which with related parties
	Notes	December 31, 2024		December 31, 2023	
ACTIVITIES.					
Property, plant and equipment	10	15.473		15.912	
Intangible assets	11	1.159		1.245	
Activities by right of use	12	9.401	9.229	9.964	9.857
Other non-current assets	16	1.626		2.790	
Deferred tax assets	8	8.468		123	
Non-current assets		36.127	9.229	30.034	9.857
Inventories	13	3.260		2.248	
Activities arising from contract	14	3.261		1.350	
Trade receivables	15	760		1.281	4
Tax credits	16	10.253		8.176	
Other current financial assets	17	83.154		59.709	
Other current assets	18	1.062		837	
Cash and cash equivalents	19	30.574		15.635	
Current Assets		132.325	-	89.236	4
Total assets		168.452	9.229	119.270	9.861
EQUITY					
Capital		5.731		5.731	
Share premium reserve		93.128		99.756	
Other reserves		(5.493)		(8.737)	
Profit (loss) for the period		45.292		(6.161)	
Equity attributable to shareholders of the parent company	20	138.657	-	90.589	-
Total equity	20	138.657	-	90.589	-
PASSIVITY.					
Employee benefits	21	1.293	151	1.202	70
Non-current lease liabilities	12	10.473	10.434	11.100	10.946
Non-current financial liabilities	22	-		1.926	
Other non-current liabilities	24	1.107		1.507	
Deferred tax liabilities	8	283		236	
Non-current liabilities		13.157	10.585	15.971	11.016
Current financial liabilities	22	37		889	
Current lease liabilities	12	1.034	31	1.000	860
Trade payables	23	9.550	75	7.799	76
Liabilities arising from contract	14	643		466	
Tax debts	16	2.135		239	
Other liabilities	24	3.239		2.317	226
Current liabilities		16.639	106	12.710	1.161
Total liabilities		29.795	10.690	28.681	12.177
Total equity and liabilities		168.452	10.690	119.270	12.177

Statement of changes in consolidated shareholders' equity

Data in thousands of Euros	Other reserves															Profit (loss) for the year	Total consolidated shareholders' equity
	Capital	Share premium reserve	Earnings reserves restricted capital increase to service the 2024-2026 Stock Grant Plan	Treasury stock reserve	Legal reserve	FTA Reserve	Merger surplus reserve	IAS 19 reserve	Reserve from valuation of financial assets measured at fair	Share-based payment reserve	Reserve from translation differences	Cash flow hedge reserve	Retained earnings (losses)	Total other reserves			
Opening balances as of January 1, 2023	5.731	106.097	(124)	(2.461)	892	(1.265)	449	(14)	(87)	125	1.261	(186)	(7.121)	(8.531)	(5.376)	97.921	
Allocation of previous year's result		(6.341)											965	965	5.376	-	
Purchase of own shares				(2.379)										(2.379)		(2.379)	
Stock Grant Plan										394				394		394	
Result for the														-	(6.161)	(6.161)	
Other comprehensive income (loss) after tax effect								(3)	85		402	330		814		814	
Ending balances as of December 31, 2023	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	
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 previous year's result		(6.161)												-	6.161	-	
Allocation of stock grant shares		(467)		680										680		213	
Purchase of own shares				(27)										(27)		(27)	
Stock Grant Plan										2.854				2.854		2.854	
Result for the														-	45.292	45.292	
Other comprehensive income (loss) after tax effect								(7)	97		(208)	(145)		(263)		(263)	
Ending 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	

Consolidated Statement of Cash Flows

Figures in thousands of Euros

	Notes	Year ended December 31			
		2024	Of which with related parties	2023	Of which with related parties
Cash flow from operating activities					
Result for the period		45.292	(4.609)	(6.161)	(3.087)
<i>Adjustments for:</i>					
Depreciation of tangible and intangible assets	6	3.887	(1.898)	3.641	(809)
Net financial income/(expense)	7	(2.644)	(335)	(2.659)	(353)
Provisions for funds and employee benefits	21	273		223	
Provisions for group incentive plans.	20	2.854		394	
Income taxes	7	(4.916)		(20)	
Other non-cash adjustments		(769)		(109)	
<i>Variations of:</i>					
Inventories	13	(1.030)		(318)	
Activities arising from contract	14	(1.911)		950	
Trade receivables	15	802	4	(318)	638
Liabilities arising from contract	14	174		466	
Trade payables	23	1.751	(1)	1.393	1
Other assets and liabilities ^(C)	16, 18, 24	(2.037)	(226)	(1.754)	60
Use of funds and employee benefits	21	(219)		(39)	
Interest paid	7	(665)		(513)	
Income taxes paid	8	-		-	
Cash flow generated/(absorbed) from operations (A)		40.842	(7.063)	(4.824)	(3.550)
Cash flow from investing activities					
Interest collected	7	1.770		1.571	
Proceeds from the sale of financial assets	17	25.652		17.710	
Purchase of property, plant and equipment	10	(2.167)		(5.545)	
Purchase of intangible assets	11	(245)		(319)	
Purchase of other financial assets	17	(47.292)		(13.258)	
Cash flow generated/absorbed by investing activities (B)		(22.283)	-	159	-
Cash flows from financing activities					
Proceeds from the issuance of shares	20	-		-	
Receipts from the assumption of financial liabilities	22	-		-	
Repayment of financial liabilities	22	(2.761)		(818)	
Payment of lease liabilities	12	(992)	(880)	(976)	(850)
Purchase of own shares	20	(27)		(2.379)	
Cash flow generated/absorbed by financing activities (C)		(3.779)	(880)	(4.173)	(850)
Total cash flow (A + B + C + D)		14.780	(7.943)	(8.838)	(4.400)
Beginning cash and cash equivalents	19	15.635		24.436	
Change in cash and cash equivalents for the period		14.780		(8.838)	
Translation effect on cash and cash equivalents		158		37	
Closing cash and cash equivalents	19	30.574		15.635	

^(C)Includes: other noncurrent assets, other current assets, other noncurrent liabilities, other current liabilities, and tax payables and receivables.

Notes to the consolidated financial statements

Preparation criteria

1. Foreword

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

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

2. Entity that prepares 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 is mainly active in the field of integrated biotechnology and in particular in the development of advanced biopharmaceutical products for the treatment of diseases characterized by or associated with angiogenesis, based mainly on antibody conjugates, capable of achieving selective accumulation at the sites where the pathology is present.

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

3. Drafting criteria

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

These consolidated financial statements were approved and authorized for publication by the Board of Directors of the Company on March 27, 2025.

Details regarding the main accounting principles adopted by the Group are specified in Note No. 31

Functional and presentation coin

These consolidated financial statements are expressed in Euro, 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 differences found in some tables are due to the rounding of amounts expressed in thousands of Euros.

Use of estimates and evaluations

As part of the preparation of the consolidated financial statements, management had to make estimates and judgments that affect the application of accounting principles and the amounts of assets, liabilities, expenses, 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 represented 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 summarizes those items in the financial statements that require more subjectivity on the part of the directors than others in developing estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the consolidated financial statements.

i) Evaluations

Decisions made by management that have the most significant effects on the amounts recognized in the financial statements are provided in the notes below:

- Note No. 5 and 32 - accounting for revenues from contracts with customers: analysis of contracts with customers, with particular reference to the recognition at a particular point in time or over time of revenues from licensing and research and development activities on behalf of third parties and the identification of individual *performance obligations*.

(ii) Assumptions of uncertainties in estimates

For the year ended December 31, 2023, information on assumptions and uncertainties in estimates having a significant risk of causing material changes to the carrying value of assets and liabilities in the financial statements of the next period is provided in the following notes:

- Notes No. 5 and 32 - revenue accounting: assumptions in determining the total cost of *performance obligation* in relation to customer contracts accounted for over time;
- Note No. 32 - valuation of financial instruments: main assumptions underlying the calculation of *fair value*;
- Note No. 32 - definition of the discount rate: main assumptions on the calculation of the Incremental Borrowing Rate (IBR), where the implicit interest rate is not present.
- Notes No. 8 and 32 - recognition of deferred tax assets: availability of future taxable profits against which deductible temporary differences and tax loss carryforwards can be used.

4. Industry disclosure

For the purposes of IFRS 8, Management has identified a single operating segment, "Biotechnology," within which all the activities carried out by the Group are brought together.

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

Details of revenues from contracts with customers by type of product and service, by geographic area, and information regarding the degree of the Company's dependence on its major customers are given in Note No. 5.

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

Profit and loss account

5. Revenues and income

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Revenues from contracts with customers	73.996	23.130
Other income	3.657	1.991
Total revenue and income	77.	25.121

It should be noted that total Revenue is shown net of Finished Goods Inventory, which is included in cost of sales.

Revenues from contracts with customers

Revenues from contracts with customers mainly refer to *upfront payments, milestones* and/or *maintenance fees*, research and development services as well as revenues from third-party production that the Group performs under existing contracts.

In the year ended December 31, 2024, revenues from contracts with customers amounted to €73,996 thousand, showing a significant increase of more than €50,000 thousand over the previous year.

Recall that *partnerships* on Nidlegly™ continue with Sun Pharma in Europe, Australia and New Zealand (marketing, licensing and supply agreement) and with *Merck Sharp & Dohme* (clinical collaboration in the United States). *Partnerships* on Dekavil (Pfizer) and small molecule organics (Bracco) also continue. In addition, on October 1, 2024, Philogen announced that it has entered into an agreement with Sun Pharma for the commercialization, licensing and supply of Fibromun globally for the treatment of cancer.

Further details of revenues from contracts with customers are provided below.

Detail by type of consideration

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Revenues from <i>up-front</i> , from <i>milestones</i>	70.265	20.511
Revenues from research and development services	3.731	2.620
Total revenue from contracts with customers	73.	23.130

Detail by mode of recognition

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Revenue recognized <i>at a point in time</i>	70.	20.576
Revenues recognized <i>over time</i>	3.	2.554
Total revenue from contracts with customers	73.	23.130

Detail by geographic area

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
USA		511
European Union	72.788	20.304
Extra EU (Switzerland)	1.	2.315
Total revenue from contracts with customers	73.	23.130

Detail by product or type

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Product Development 1	47	511

Encoded Self-Assembling Chemical (ESAC) Services.	-	-
Good Manufacturing Practices (GMP) Services.	3.731	2.620
Services related to activities on small organic molecules	-	-
Product Development	70.218	20.000
Total revenue from contracts with customers	73.996	23.130

The following is a breakdown of the customers that generate revenue for the Group in excess of 10% of total revenue from contracts with customers, as required by IFRS 8, Note No. 30:

<i>Figures in thousands of Euros</i>	Year ended December 31			
	2024	Inc.	2023	Inc.
Customer 1	70.218	95%	20.000	86%
Customer 2	-	-	-	-
Client 3	-	-	-	-
Customer 4	-	-	-	-
Other customers < 10%.	3.778	5%	3.130	14%
Total revenue from contracts with customers	73.996	100%	23.130	100%

Other income

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Operating grants	3.	1.536
Equipment grants	-	390
Miscellaneous income	-	65
Total other income	3.	1.991

Other income relates mainly to grants for tax breaks provided by law and to a small extent to research grants for projects cofinanced by the European Community, the Region of Tuscany and Eurostars projects. Operating grants mainly include the recognition of non-repayable grants that the Group benefits from on an ongoing basis as a result of its research and development activities.

The item equipment grants includes the industry 4.0 credit related to the investments made for the equipment and interconnection of the new GMP facility at the Rosia (Siena) site, provided for by Law 160/2019 (so-called Budget Law 2020) and Law 178/2020 (so-called Budget Law 2021). The Industry 4.0 credit related to the interconnection of the new GMP facility amounted to a total of €2,586 thousand and is shown in correspondence to the amortization charge for the period.

Compared with the year ended Dec. 31, 2023, the item other income shows an increase of about 88 percent as of Dec. 31, 2024, mainly due to the item operating grants parameterized to drug research and development costs.

For more details on the receivables available to the Company, see Note No. 16 and Note No. 26 to the consolidated financial statements.

6. Operating costs

Details of operating costs as of December 31, 2024 and December 31, 2023 are shown below:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Purchases of raw materials and consumables	3.092	3.473
Costs for services	16.483	13.990
Lease and rental costs	338	253
Personnel costs	15.623	12.176
Depreciation	3.887	3.641
Other operating costs	498	430
Total operating costs	39.922	33.961

Cost of purchasing raw materials and consumables

Costs for the purchase of raw materials and consumables, amounting to 3,092 thousand euros in the year ended December 31, 2024 (3,473 thousand euros in the previous year), are mainly attributable to the cost of materials used in operations, the change in which is related to drug production activities for clinical trials, GMP productions of antibodies on third-party orders and "pilot" productions in accordance with GMP standards at the new site in Rosia (Siena).

Costs for services

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

<i>Figures in thousands of euros</i>	Year ended December 31	
	2024	2023
Costs related to Clinical Centers and CROs	7.	5.210
Outsourcing services for research and development activities	2.	3.497
Compensation of corporate bodies (net of contributions)	1.	1.089
Social contributions on corporate body compensation		92
Management by objectives (MBO)		153
TFM administrators		42
Corporate and consulting expenses		860
Utilities and overhead	1.	1.645
Other costs for services	1.	1.401
Total costs for services	16.483	13.990

Costs for services are mainly composed of costs related to the Group's operating activities, namely costs incurred for *trials* in clinical centers and costs related to services for outsourced research and development activities. The most significant changes are:

- (i) The increase of 2,529 thousand euros in costs related to clinical centers and CROs is attributable to higher costs incurred in the year ended December 31, 2024 compared to the previous period for the advancement of ongoing *trials*;
- (ii) The downward change in R&D outsourcing services amounting to 1,306 thousand euros in costs related to R&D services is attributable to ongoing activities for GMP contracts for third-party production and GMP production of small organic molecules produced by the subsidiary;
- (iii) The increase in compensation of corporate bodies, amounting to 438 thousand euros, relates to the alignment of directors' compensation following their resignation as executive-employee
- (iv) The upward change in MBO, related to executive directors' compensation, increased by 436 thousand euros compared to the year ended December 31, 2023 as a result of the increase in compensation approved in May 2024 for the new powers granted to executive directors. The percentage for calculating the short-term incentive was also increased.
- (v) The increase in other costs for services is 503 thousand Euro in other costs for services and corporate and consulting expenses is mainly related to the increase in expenses for shipping the drug for clinical trials, expenses for patents, travel expenses for employees due to an increase in both the number of employees and travel related to an acceleration of clinical trials.

Lease and rental costs

Lease and rental costs amounted to 338 thousand euros in the year ended December 31, 2024. This item includes rental costs, exclusively with reference to leases of less than twelve months' duration and those of small amounts (excluded from the scope of application of IFRS 16) and variable fees related to ancillary expenses quantified in the final balance, which are also not included in the calculation of the financial liability and the related right of use under IFRS 16. Specifically, in view of the increase in the number of staff in the reporting year, there was an increase in lease and rental costs attributable to higher costs incurred for new business license/software contracts with a duration of less than one year.

Personnel costs

The following is a breakdown of the composition of personnel costs in the years ended December 31, 2024 and December 31, 2023 of the Group:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Wages and Salaries	9.779	9.352
Personnel cost for group incentive plans	3.062	385
Social charges	2.234	1.963
Provision for severance pay	548	476
Total personnel costs	15.623	12.176

The overall increase in personnel cost, amounting to 3,447 thousand euros, is mainly attributable to the increase in the average number of employees, as shown in the table below, as well as to the higher cost associated with the group incentive plans, which are set aside based on the *fair value* resulting from the actuarial valuations of the plan. The value includes the portion of the II and III cycles of the 2024-2026 stock grant plan and the valuation of the I cycle of the new 2027-2029 stock grant plan reserved for employees. Finally, it should be noted that in the year 2024, shares of the I cycle of the 2024-2026 plan were granted to employees, who achieved the set targets, through the use of treasury shares purchased by the company in the previous months

	December 31, 2024	December 31, 2023	Change
Average number of employees	176	160	16

For the exact number of employees as of December 31, 2024 and December 31, 2023, please refer to paragraph 15 of the management report.

More details about the incentive plan can be found in Section 4.2 of the management report and Note 27 to the consolidated financial statements.

Depreciation

The breakdown of "Depreciation and amortization" for the years ended December 31, 2024 and December 31, 2023 is shown below:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Amortization of intangible assets	419	305
Depreciation Property, plant and equipment	2.462	2.372
Depreciation of assets by right of use	1.007	964
Total depreciation	3.887	3.641

The increase in depreciation mainly reflects the depreciation of general and specific equipment and facilities at the Rosia (Siena) and Montarioso sites as well as the depreciation of the right of use and leasehold improvements.

Other operating costs

The breakdown of "Other operating expenses" for the years ended December 31, 2024 and December 31, 2023 is shown below:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Membership contributions	18	32
Company vehicle costs	19	20
and	95	106
Entertainment expenses	62	40
Miscellaneous operating costs	304	232
Total other operating costs	498	430

Other operating expenses are mainly attributable to contingent liabilities and miscellaneous operating expenses and are essentially unchanged from the previous year.

7. Financial income and expenses

Financial income and expenses are composed as follows:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Financial income		
Capital gains from the realization of financial assets (*)	1.373	1.179
Capital gains from the valuation of financial assets at <i>fair value</i>	1.481	2.231
Interest income	396	392
Gains on foreign exchange	2.679	1.339
Financial income	5.930	5.141
Financial charges		
Losses on valuation of financial assets at <i>fair value</i>	(112)	(47)
Capital losses on realization of financial assets	(180)	(21)
Interest expense on leasing	(341)	(354)
Interest expense on bank loans	(144)	(139)
<i>Interest cost</i> for employee benefits	(36)	(54)
Losses on foreign exchange	(2.473)	(1.867)
Financial charges	(3.286)	(2.482)
Total financial income (expense)	2.644	2.659

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

Net financial management for the year ended December 31, 2024 shows a net positive result of 2,644 thousand euros substantially in line with the previous year.

More details on the composition of the securities portfolio can be found in Note 17 to the consolidated financial statements

8. Taxes

The Group has allocated taxes based on the application of current tax regulations

Taxes and fees have been set aside based on estimates made during the preparation of the budget and will be calculated in a final version in the second half of the year 2025 when the tax return is prepared, resulting in possible updates to the calculation.

Current taxes refer to accrued taxes calculated on the 2024 fiscal year result. Deferred taxes refer to the recognition of the portion of deferred tax assets calculated on past tax losses and recorded in the financial statements for the first time in the year 2024 based on recoverability

Below is a table detailing the income taxes recorded in the year ended December 31, 2024 and December 31, 2023:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Current taxes	(3.449)	(6)
Deferred taxes	8.365	26
Total	4.916	20

Reconciliation of effective tax rate

The reconciliation between the tax burden from the consolidated financial statements and the theoretical tax burden determined based on the IRES rate applicable to the Group for the years ended December 31, 2024 and 2023, respectively, is presented below:

Figures in thousands of Euros

	Year ended December 31	
	2024	2023
Earnings before taxes	40.375	(6.181)
Theoretical tax rate	24%	-24%
Theoretical IRES tax burden/benefit (A)	9.690	1.483
Adjustments for:		
Tax effect on revenue for research and credit	(768)	274
Tax effect on revenue for industry 4.0 credit	(93)	90
Tax effect on revenue for Technological Innovation Credit.	-	84
Tax effect on unrecognized tax losses	(7.232)	(1.259)
Tax effect for patent box relief	(1.428)	-
Tax effect on other changes in increase (decrease)	127	(254)
Tax effect on different group rates	1.267	(398)
Total adjustments (B)	(8.122)	(1.463)
Total actual income taxes (A+B)	1.563	20
Effective tax rate	3,9%	(0,3) %

For more details on the credits from which the Group benefits, see Note No. 16 and Note No. 26 to the consolidated financial statements.

Changes in deferred taxes during the period

Details and changes in deferred tax assets and liabilities from January 1 to December 31, 2023, and from January 1 to December 31, 2024, the balances of which originate exclusively from transition entries to IAS/IFRS, are provided below:

Figures in thousands of Euros

	Book value as of January 1, 2023	Use	Acc.to	Change effect	Book value as of December 31, 2023
Deferred tax assets					
Liabilities from contracts with customers			-	-	-
Intangible assets			-	-	-
Activities by right of	2.326	(179)	-	33	2.180
IAS 19 reserve (recognized in comprehensive income)	5	-	1	-	6
Cash flow hedge reserve (recognized in comprehensive income)	60	(25)	17	-	52
IFRS 9 reserve (recognized in comprehensive income)	33	(2)	34	-	66
Total Deferred Tax Assets	2.424	(206)	52	33	2.305
Deferred tax liabilities					
Other financial assets	6	-	-	-	6
Activities by right of	2.345	(199)	-	34	2.180
Intangible assets	160	(11)	4	3	157
IFRS 9 reserve (recognized in comprehensive income)	6	-	59	-	65
Activities from contracts with customers	-	-	9	-	9
Total Deferred Tax Liabilities	2.517	(210)	73	37	2.417

Figures in thousands of Euros

	Book value as of January 1, 2024	Use	Acc.to	Change effect	Book value as of December 31, 2024
Deferred tax assets					
Activities by right of use ^(*)	2.180	(199)	-	(9)	1.972
Deferred taxes on prior 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
Activities by 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
Reserve cost of hedging	9	(9)	-	-	-
Total Deferred Tax Liabilities	2.417	(232)	80	(9)	2.256

Uncertainties regarding the accounting treatment to be applied to taxes

It should be noted that as of December 31, 2024, there are no outstanding disputes with tax authorities that could generate uncertainties regarding the treatment of income taxes.

9. Earnings/(loss) per share

Basic loss per share was calculated by considering the loss attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding during the fiscal year ending December 31, 2024 and December 31, 2023

The diluted loss per share was calculated by considering the loss attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding during the period to account for the effects of all potential dilutive ordinary shares.

The income and share information used for the purpose of calculating basic and diluted earnings per share are shown below:

<i>Figures in thousands of Euros</i> Basic and diluted earnings (loss) per share	Year ended December 31	
	2024	2023
Profit (Loss) for the year - in Euro thousands (A)	45.292	(6.161)
Weighted average number of ordinary shares outstanding (B)	40.293.635	40.247.451
Weighted average number of potential dilutive common shares outstanding ©	-	-
Weighted average number of outstanding share options granted (D)	-	-
Weighted average shares outstanding adjusted for dilution effects (E=B+C+D)	40.293.635	40.247.451
Basic earnings (loss) per share - in Euros (A/B*1000)	1,12	(0,15)
Diluted earnings (loss) per share - in Euros (A/C*100)	1,12	(0,15)

(A) Profit (Loss) for the year.

(B) Weighted average number of ordinary shares outstanding.

(D) The weighted average number of outstanding weighted average number of granted share options potentially amounting to 903,000 *Units* as of December 31, 2023 and 1,464,000 *Units* as of December 31, 2024 was considered to be 0 for the purpose of the calculation because, in accordance with IAS 33, as of the end of the period these instruments did not have the necessary characteristics to be issued. For further information, see Note 27 to the consolidated financial statements.

Activities

10. Property, plant and equipment

Changes in property, plant and equipment from January 1 to December 31, 2023 and from January 1 to December 31, 2024 are shown below:

Figures in thousands of Euros

	Plant and machinery	Industrial and commercial equipment	Leasehold improvements	Other tangible imm.ni	Imm.ni in progress and advances	Buildings and land	Total
Historical cost	8.654	12.076	181	1.192	25	-	21.943
Sinking Fund	(2.253)	(6.369)	(42)	(665)	-	-	(9.243)
Net book value as of January 01, 2023	6.401	5.707	139	427	25	-	12.699
Increases	344	935	95	18	1.639	2.514	5.545
(Decreases)	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Depreciation	(1.077)	(1.155)	(23)	(117)	-	-	(2.372)
Exchange rate effects (historical cost)	48	152	-	(163)	-	-	37
Exchange rate effect (depreciation fund)	2	(137)	-	37	-	-	(98)
Historical cost	9.046	13.165	275	1.047	1.664	2.514	27.711
Sinking Fund	(3.328)	(7.660)	(65)	(745)	-	-	(11.798)
Net book value as of December 31, 2023	5.718	5.504	211	302	1.664	2.514	15.912
Increases	262	606	99	111	1.089	-	2.167
(Decreases)	-	-	-	-	-	-	-
Reclassifications	37	-	-	-	(2.272)	-	(2.235)
Depreciation	(1.086)	(1.250)	(103)	(126)	-	-	(2.565)
Exchange rate effects (historical cost)	(21)	(62)	2.235	(4)	-	-	2.148
Exchange rate effect (depreciation fund)	6	36	-	3	-	-	45
Historical cost	9.324	13.709	2.609	1.154	481	2.514	29.792
Sinking Fund	(4.409)	(7.660)	(65)	(745)	-	-	(14.318)
Net book value as of December 31, 2024	4.915	4.835	2.442	286	481	2.514	15.473

Plant and machinery shows an increase of 262 thousand euros and refers mainly to the set-up of laboratories and the alarm and UPS system of production sites instrumental to the operational activities related to the Rosia site.

Industrial and commercial equipment shows an increase of 606 thousand euros and mainly includes the purchase cost incurred to further equip the production unit in Rosia (Siena).

Other tangible assets mainly refer to company cars and furniture and fixtures. Company cars are partly granted for mixed use to employees, partly assigned to some members of the Board of Directors, and partly at the disposal of company personnel.

Leasehold improvements show an increase of Euro 2,334 thousand and mainly refer to the completion of the construction of the new office building at the Rosia (Siena) site, completed in July 2024, within the area currently leased by Rendo S.r.l. to Philogen S.p.A. under the lease agreement signed in May 2019, previously classified in the category Buildings in progress. From an accounting point of view, these leasehold improvements are depreciated over the entire lease term of the asset to which they refer. In this specific case, the useful life has been estimated considering a tacit renewal of the lease agreement related to the Rosia site currently in place, in accordance with IFRS 16, and therefore the depreciation process will be completed in FY 2034. Please refer to the section on accounting standards for specific aspects on IAS 16 and IFRS16.

Plants in progress refer to the construction of a parking lot for private-company use with photovoltaic panel roofing at the Rosia site. Buildings and land, on the other hand, refer to the new building adjacent to its Philogen plant located in Montarioso (Siena) purchased in August 2023 and intended for future expansion of the Company. The fixed asset, in line with IAS 16, has not been depreciated because it is not in the condition necessary for it to be able to function in the manner intended by management.

11. Intangible assets

Changes in intangible assets from January 1 to December 31, 2023 and from January 1 to December 31, 2024 are shown below:

<i>Figures in thousands of Euros</i>	Patent rights and rights of use of intellectual works	Concessions, licenses, trademarks and similar rights	Imm.ni in progress and advances	Other intangible assets	Total
Historical cost	2.639	456	8	-	3.103
Sinking Fund	(1.670)	(215)	-	-	(1.885)
Book value as of January 01, 2023	970	241	8	-	1.218
Increases	239	74	-	6	319
(Decreases)	-	-	-	-	-
Reclassifications	-	8	(8)	-	-
Depreciation	(210)	(94)	-	-	(305)
Foreign exchange effect	14	-	-	(1)	13
Historical cost	2.870	538	-	5	3.413
Sinking Fund	(1.858)	(309)	-	-	(2.167)
Book value as of December 31, 2023	1.011	229	-	5	1.245
Increases	221	24	-	-	251
(Decreases)	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation	(229)	(97)	-	-	(326)
Foreign exchange effect	(6)	0	-	-	(7)
Historical cost	3.084	562	-	6	3.652
Depreciation fund	(2.087)	(406)	-	-	(2.493)
Net book value as of December 31, 2024	998	156	-	6	1.159

As of December 31, 2024, the Group held more than 40 international patent families and more than 100 valid national patents. The increases recognized in the year ended December 31, 2024, amounting to 221 thousand euros, relate to expenses incurred by the Group for filing new patent applications, their nationalizations, and patent grants in specific countries of the World.

Concessions, licenses and trademarks mainly include the cost of corporate software licenses. The increases recognized in the year ended December 31, 2024, amounting to 24 thousand euros are mainly realized in costs incurred for warehouse software

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

12. Right-of-use assets and lease liabilities

Key balance sheet information related to the leases held by the Group, which acts solely as lessee, is shown in the following tables:

<i>Figures in thousands of Euros</i>	Real Estate	Cars	IT Services	Total
Historical cost	12.337	161	281	12.779
Sinking Fund	(2.625)	(115)	(177)	(2.917)
Book value as of January 01, 2023	9.713	46	103	9.862
Increases	746	85	48	879
(Decreases)	-	-	-	-
Depreciation	(841)	(24)	(93)	(957)
Change effect	180	-	-	180
Historical cost	13.322	246	329	13.897
Sinking Fund	(3.525)	(139)	(270)	(3.933)
Book value as of December 31, 2023	9.798	107	59	9.964
Increases	-	-	-	497
(Decreases)	-	-	-	-
Depreciation	(887)	(34)	(85)	(1.006)

Change effect	(53)	-	-	(53)
Historical cost	13.755	246	329	14.329
Sinking Fund	(4.400)	(173)	(355)	(4.928)
Book value as of December 31, 2024	9.355	73	(26)	9.402

Assets for right of use for the year ended December 31, 2024 are mainly attributable to the lease of real estate used by the Group to manage its operations. The increases recognized during the 2024 fiscal year, amounting to 497 thousand euros, relate to Istat rent adjustments, contractually stipulated which were affected by the high rate of inflation during the period. It is specified that these contracts were entered into in 2019 following the functional and structural reorganization of the Group through which the real estate branch was separated from the operating branch. These contracts run until the year 2034 and altogether generate an annual cash outflow for lease payments of approximately Euro 1,184 thousand, of which Euro 771 thousand for the Italian sites and Euro 413 thousand for the Swiss site.

Changes in financial lease liabilities from January 1 to December 31, 2023 and from January 1 to December 31, 2024 are provided below:

<i>Figures in thousands of Euros</i>	
Lease liabilities as of January 01, 2023	11.891
Increases	879
Decreases	-
Capital repayments	(976)
Foreign exchange effect	305
Lease liabilities as of December 31, 2023	12.099
Increases	497
Decreases	-
Capital repayments	(992)
Foreign exchange effect	(98)
Lease liabilities as of December 31, 2024	11.507
Of which current	1.034
Of which non-current	10.473

The following table shows the reconciliation of cash outflows with respect to leases for the period ended December 31, 2024 and 2023:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Real estate capital share	880	850
Interest expense for leasing (real estate)	335	347
Automobile capital share	27	47
Interest expense for leasing (cars)	2	2
Capital share IT services	86	79
Interest expense for leasing (IT services)		5
Total cash outflows for leasing	1.332	1.330

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

- i. for leases related to real estate, cars and IT services leased to the Parent Company, a discount rate of 2.73 percent;
- ii. for the lease on the property leased to the Swiss subsidiary Philochem AG, a discount rate of 3.10 percent.

As of December 31, 2024, the Group has not identified any indicators of impairment with respect to right-of-use assets.

Impairment test

We report that, as of December 31, 2024, there was no evidence that led the Directors to believe that the reasons that led to the recognition of the property, plant and equipment, intangible assets, and right-of-use assets had disallowed; nor did any additional indicators of impairment emerge that led the Directors to believe that there might be an impairment of the property, plant and equipment, intangible assets, and right-of-use assets; consequently, there was no need to conduct impairment tests on the value recorded in the financial statements.

13. Inventories

Details of inventories are as follows:

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Raw materials and consumables	3.260	2.248
Total inventories	3.260	2.248

Stocks of raw materials and consumables accommodate inventories valued at the lower of purchase cost and market value

As of December 31, 2024, inventories, amounting to 3,260 thousand euros, showed an increase mainly due to increased procurement of consumables functional to the Group's operating activities.

14. Contract assets and liabilities

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

Assets arising from contracts are entered as assets net of related liabilities if, based on an analysis conducted on a contract-by-contract basis, the gross value of the assets performed on the date is greater than the advances received from customers. Conversely, if the advances received from customers are found to be greater than the related assets from contracts, the excess is entered as liabilities.

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

Contracts with positive net balance

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Advances received from customers	(1.350)	(2.728)
Revenue recognized on advances received	4.611	4.078
Contract activities with clients	3.261	1.350

Contracts with negative net balance

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Advances received from customers	685	2.271
Revenue recognized on advances received	(41)	(1.805)
Liabilities from contract with customers	643	466

Advance payments received from customers mainly refer to *up-front fees* collected against *performance obligations* to be fulfilled by the Group in the future, which are recognized *over time* based on the progress of related contract costs (revenue recognized on advance payments).

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

Customer contract liabilities are classified as current liabilities because the Group expects to complete *performance obligations* over the next 12 months.

15. Trade receivables

The item "Trade receivables" consists of the following:

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Accounts receivable from customers	760	1.281
Total trade receivables	760	1.281

As of December 31, 2024, trade receivables from customers amounted to 760 thousand euros, down by approximately 41% from December 31, 2023.

Overdue credit positions are monitored by administrative management through periodic analyses of the main positions. The estimate of the expected loss in accordance with IFRS 9 ("*Expected Credit Loss*") is not significant due to the type of the Group's customers, the expected contractual terms, and the timing of collection of receivables. The value for IFRS 9 purposes is 26 thousand euros.

Breakdown of receivables recorded in current assets by geographic area

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

Figures in thousands of Euros	Geographical area	
	31 2024	December 31 2023
Italy	330	198
European Union	24	470
Extra European Union (USA)	56	552
Extra European Union (Other)	350	61
Total trade receivables		1.281

16. Tax receivables and payables

The item "Tax receivables" is composed as follows:

Figures in thousands of Euros	31 2024	December 31 2023
VAT Credits	2.318	3.087
Other tax receivables	3.023	96
Miscellaneous tax credits	4.911	4.993
Total tax credits	10.253	8.176

"VAT receivables" amounted to 2,318 euros and showed a decrease compared to the previous year because the year 2023 was affected not only by the vat on operating costs but also by the vat on the contract for the construction of the office building completed in the first months of the year 2024. The costs incurred in the first part of the year 2024 are lower than in the whole year 2023. It should be noted that the Company makes purchases mainly in Italy and sales mainly abroad, such that credit vat cannot be offset against debit vat at present but is used to offset against other taxes

"Other tax receivables" includes the ires receivable consisting of the residual value of withholding taxes withheld under international conventions on licensing rights concessions and withholdings for withholding purposes on financial income and interest income

"Miscellaneous tax credits," as of December 31, 2024 includes the portions of tax credits from which the Company benefits, which can be offset in future years. The portion of these credits beyond the fiscal year is reclassified as non-current assets under "Other non-current assets"

The following is a breakdown of available credits as of December 31, 2024

- Research and development tax credit year 2024 in the amount of 3,218 thousand euros, the offsetting of which will be in three equal annual installments, in compliance with the relevant regulations (Art.1 paragraph 200 Law 160 of December 27, 2019 and subsequently amended by Art.1 paragraph 1064 Law 178 of December 30, 2020)
- Research and development tax credit year 2023 in the amount of 1,160 thousand euros, the offsetting of which will be in three equal annual installments, in compliance with the relevant regulations (Art.1 paragraph 200 Law 160 of December 27, 2019 and subsequently amended by Art.1 paragraph 1064 Law 178 of December 30, 2020);
- Research and development tax credit year 2022 in the amount of 1,208 thousand euros related to the remaining portion to be offset, in compliance with the relevant regulations (art.1 paragraph 200 Law 160 of December 27, 2019 and subsequently amended by art.1 paragraph 1064 Law 178 of December 30, 2020);

- Technological innovation tax credit year 2023 in the amount of 331 thousand euros, the offsetting of which will be in three equal annual installments, in compliance with the relevant regulations (Art.1 paragraph 200 Law 160 of December 27, 2019 and subsequently amended by Art.1 paragraph 1064 Law 178 of December 30, 2020);
- Technological innovation tax credit year 2022 in the amount of 174 thousand euros related to the remaining part to be offset, in compliance with the relevant regulations (art.1 paragraph 200 Law 160 of December 27, 2019 and subsequently amended by art.1 paragraph 1064 Law 178 of December 30, 2020);
- industry 4.0 credit, related to generic assets that came into operation in the fiscal year ending December 31, 2020 (Art.1 paragraphs 184 to 194 of Law 160/2019), in the amount of 9 thousand euros (offsetting is in five annual installments from fiscal year 2021);
- industry 4.0 credit, related to the interconnection of the new GMP production plant at the Rosia (Siena) site, for euro 445 thousand (total credit euro 2,586 thousand) for the remaining part to be offset in compliance with the relevant regulations (Art.1 paragraphs 184 to 194 of Law 160/2019 and Art.1 paragraphs 1051 to 1063 of Law 178/2020);

As of December 31, 2024, the portion of the above tax credits that can be offset by December 31, 2025 is euro 4,911 thousand, while the non-current portion that can be offset starting from fiscal year 2026 is euro 1,626 thousand.

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Tax receivables non-current portion	1.626	2.790
Other non-current assets	1.626	2.790

It should be noted that as of December 31, 2024, the item tax receivables non-current portion, includes the portion of the above receivables that can be offset from 2026 onward.

"Tax liabilities" is composed as follows:

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Current income tax liabilities	1.865	-
Amounts due to tax authorities for withholdings	271	239
Other tax liabilities	-	-
Total tax liabilities	2.135	239

The Group has quantified a tax liability for current taxes of euro 3,428 thousand for the year 2024, of which euro 1,563 thousand for ires purposes and euro 1,864 thousand for irap purposes. The tax liability for ires purposes has been offset against the foreign withholding tax of reference. Therefore, the irap debt remains, which is shown in the table under current income tax payables

Amounts owed to the tax authorities for withholdings incurred are essentially unchanged from the previous year-

17. Other current financial assets

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

<i>Figures in thousands of Euros</i>	Other current financial assets
Book value as of January 01, 2023	61.764
Increases	13.258
(Decreases)	(17.710)
Gains/losses from <i>fair value</i> adjustment	2.291
Accrued income on accruing coupons	105
Book value as of December 31, 2023	59.709
Increases	47.292
(Decreases)	(25.652)
Gains/losses from <i>fair value</i> adjustment	1.405
Accrued income on accruing coupons	399
Book value as of December 31, 2024	83.154

The Group invests cash in excess of ordinary requirements in financial instruments in accordance with the current "Investment Management Policy".

The item "Other current financial assets" includes:

- i) the balance related to financial instruments held in the portfolio, consisting of insurance policies, equity instruments, and fund shares, held for contractual cash flow collection and sale and whose contractual terms do not exclusively provide for principal repayments and interest payments on the amount of principal to be repaid (i.e., which do not pass the so-called "SPPI test"), which were compulsorily measured at *fair value* with impact recognized in profit (loss) for the period (FVTPL);
- ii) the balance related to the bond segment of the outstanding portfolio that was measured at *fair value* without impact recognized in the profit (loss) for the period (FVTOCI) (as they pass the so-called "SPPI test").

Details of financial assets broken down by instrument type and accounting method are provided below:

<i>Data in Euro thousands</i>	December 31 2024	December 31 2023
Other financial assets (FVTPL)		
Actions		-
ETF	1.784	2.721
Certificates	5.	6.361
Funds	4.	4.059
Insurance investment products	15.	17.938
Total	28.	31.079
Other financial assets (FVOCI)		
Bonds	54.	28.611
<i>Market to Market</i> derived CAP		20
Total	54.	28.630
Total other current financial assets	83.	59.709

The table above shows change in *portfolio asset allocation* as of 12/31/2024.

18. Other current assets

"Other current assets" consists of the following:

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Other current receivables	683	558
Other current assets	380	279
Other current assets	1.062	837

Other current receivables refer mainly to advances to third-party suppliers and miscellaneous receivables.

Other current assets mainly comprise prepaid expenses related to costs incurred in advance and recorded in the financial statements for the accrued portion.

19. Cash and cash equivalents

A breakdown of the composition of cash and cash equivalents is given below:

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Bank and postal deposits	30.571	15.633
Cash and valuables on hand	3	2
Cash and cash equivalents	30.574	15.635

The Group holds active current accounts in both Euro and foreign currencies (USD and CHF).

It should be noted that as of December 31, 2024, the group held an escrow account agreement in the amount of 5,000 thousand euros at the rate of 2.73% maturing in February 2025 (5,000 thousand euros as of December 31, 2023). It should be noted that the term current accounts held as of December 31, 2023 generated interest cash flows of Euro 196 thousand.

Equity and liabilities

20. Net worth

The statement of changes in consolidated shareholders' equity as of December 31, 2024 can be found in the financial statements section.

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

A. Share capital and shares

The shares issued by the Parent Company represent the entire share capital of 5,731,226.64 euros which is composed of 40,611,111 shares. Below are the categories of shares held:

Categories Actions	December 31, 2024
Ordinary shares (listed on the EXM market)	29.242.861
Special shares with multiple voting rights (Class B)	11.368.250
Total	40.611.111

The Parent Company has not issued any beneficial shares.

The main features of the types of actions listed above are given below.

Ordinary shares

Ordinary shares are registered, indivisible, freely transferable and confer on their holders equal rights. Specifically, each ordinary share confers the right to one vote at ordinary and extraordinary meetings of the Company as well as other property and administrative rights in accordance with the articles of incorporation and the law.

Multiple voting shares

Multiple Voting Shares give the same rights and obligations as Ordinary Shares and have the following characteristics:

- allocate a voting right at the meeting equal to 3 votes;
- are automatically converted into Ordinary Shares at the rate of one Ordinary Share for each Multiple Voting Share (without the need for resolutions either by the special meeting of shareholders holding Multiple Voting Shares or by the Company's shareholders' meeting) in the event of a change of control of the Company or a transfer of Multiple Voting Shares to persons who are not already holders of Multiple Voting Shares
- may be converted, in whole or in part, even in several *tranches*, into Ordinary Shares at the simple request of the holder thereof, to be sent to the Chairman of the Board of Directors and in copy to the Chairman of the Board of Statutory Auditors, at the rate of one Ordinary Share for each Multiple Voting Share.

B. Nature and purpose of reserves

The following is a breakdown of shareholders' equity with an indication of the nature and purpose of the reserves:

Figures in thousands of Euros	Nature	Possible uses	December 31 2024	December 31 2023
Capital			5.731	5.731
Reserve for own shares ^(C)			(4.187)	(4.840)
Share premium reserve	Capital	A, B, C	93.128	99.756
Legal reserve	Useful	A, B	892	892
FTA Reserve	Useful	A, B	(1.265)	(1.265)

Merger surplus reserve	Capital	A, B	449	449
Actuarial gains/losses reserve	Useful	A, B	(24)	(17)
Cash-flow hedge reserve	Useful	A, B	-	145
Financial instruments valuation reserve	Useful	A, B	95	(2)
Reserve from translation differences	Useful	A, B	1.456	1.663
Earnings reserve restricted capital increase to service the 2024-2026 <i>Stock Grant Plan</i> (**)	Useful	A	(124)	(124)
Share-based payment reserve (***)	Useful	A	3.373	519
Retained earnings (losses)	Useful	A, B, C	(6.156)	(6.156)
Profit (loss) for the year			45.292	(6.161)
Net worth			138.657	90.589

(¹) The Reserve for treasury shares includes the value of shares purchased by the Company in accordance with the purchase program approved by the Board of Directors on November 24, 2021 et seq.

(²) The Earnings Reserve restricted to the capital increase, free of charge and in divisible form, to service the 2024-2026 *Stock Grant Plan*. The reserve will remain restricted to service the plan until the final subscription deadline, December 31, 2026.

(³) The Share-based Payment Reserve includes the fair value of shares granted by the 2024-2026 *Stock Grant Plan* for the second and third cycles, as well as the 1 cycle of the 2027-2029 *Stock Grant Plan* and the 2024-2026 *Director Stock Plan*. More details on the *Stock Grant Plan* can be found in Note 27 to the consolidated financial statements.

Legend:

- A) By capital increase
- B) For loss coverage
- C) For distribution to members

C. *Share-based payment incentive plan*

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

To service the said Plan, the Shareholders' Meeting also resolved to increase the share capital free of charge in divisible form, pursuant to Article 2349 of the Civil Code, to be carried out by the deadline of December 31, 2026, for a maximum amount of 123 euros.974, to be charged in full to share capital, and to establish for the same amount, a special reserve, taking it from the retained earnings reserve, called "Restricted earnings reserve capital increase to service the 2024-2026 *Stock Grant Plan*," which will remain restricted to service 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 Nomination and Remuneration Committee, approved the regulations of the aforementioned Plan and implemented it, identifying the beneficiaries and defining the performance objectives and related *targets*, of the first granting cycle 2021-2024, awarding a total of 145,000 *Units*.

On Oct. 11, 2022, the Company's Board of Directors, subject to the positive opinion of the Nomination and Remuneration Committee, identified the beneficiaries and defined the performance objectives and related *targets*, of the second granting cycle 2022-2025, awarding a total of 139,000 *Units*.

On Nov. 7, 2023, the Company's Board of Directors, subject to the positive opinion of the Nomination and Remuneration Committee, identified the beneficiaries and defined the performance objectives and related *targets*, of the second granting cycle 2023-2026, awarding a total of 619,000 *Units*.

With reference to the "*Stock Grant Plan 2024-2026*" reserved for Group employees, which was approved on May 31, 2021, by the Company's Ordinary Shareholders' Meeting, the Board of Directors verified on November 7, 2024, the achievement of the objectives assigned to the beneficiaries of the 1st cycle of the said Plan and consequently approved the allocation of shares to the beneficiaries according to the parameters set forth in the *stock grant plan*.

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

The Board of Directors meeting held on November 7, 2024, with the favorable opinion of the Nomination and Remuneration Committee, approved the regulations and identified the beneficiaries and defined the *performance objectives* and related

targets, and approved the respective Regulations of the aforementioned Plans. The features of the 2027-2029 Stock Grant Plan and the 2024-2026 Directors' Stock Ownership Plan are explained in the respective Disclosure Documents available and accessible on the Company's website at (<http://www.philogen.com/>)

The reserve as of December 31, 2024 represents the accrued cost to date of shares to be granted to beneficiaries related to the second and third grant cycles of the **2024-2026 Stock Grant Plan," the first cycle of the plan the "2027-2029 Stock Grant Plan,"** and the 2024 portion of the **2024 Director Stock Grant Plan 2024-2026" (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 own shares

On April 29, 2024, the Ordinary Shareholders' Meeting, after revoking the resolution authorizing the purchase and disposition of treasury shares adopted on April 28, 2023 for the unexecuted part, authorized the Company to purchase, on one or more occasions, treasury shares, empowering 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 specialized intermediaries, specially appointed, to purchase Philogen Sp.A., establishing the related terms and the price per share, in compliance with applicable laws and regulations.

Then, on December 20, 2024, the Board of Directors met and approved the launch of the program to purchase treasury shares (the "Program") with (i) object up to a maximum of 250,000 ordinary shares (ii) within the limits of the provisions of Article 2357 paragraph 3 of the Civil Code, (iii) for a total outlay in any case not exceeding €5,000,000. The Program has a duration until December 29, 2025.

As of Dec. 31, 2024, Philogen S.p.A. held a total of 279,069 ordinary shares (equal to 0.6133 % of the share capital), having previously granted 45,141 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, subsequent to the termination of employment or to be paid upon the accrual of certain requirements, and consists of provisions for severance pay related to the Parent Company's employees and the provision for severance pay related to the Parent Company's executive directors.

Severance pay:

Liabilities for severance pay amounted to 1,142 thousand euros in the year ended December 31, 2024 (1,132 thousand euros as of December 31, 2023). Changes for the year ended December 31, 2024 and December 31, 2023 are shown below:

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Balance at the beginning of the period	1.132	933
Uses	(219)	(39)
Provision for severance pay	194	182
Financial charges	33	53
Actuarial gains/(losses)	1	4
Total benefits	1.142	1.132

Employee-related provisions represent the estimated obligation, determined on the basis of actuarial techniques, related to the amount to be paid to employees upon termination of employment. As of December 31, 2024 and December 31, 2023, the provisions for employee benefits refer to the Employee Severance Indemnity Provision ("TFR") set aside and allocated to employees

In application of IAS 19, the valuation of severance pay was carried out using the methodology, as required by the recent provisions on the subject introduced by the National Order of Actuaries jointly with the competent bodies OIC, Assirevi and ABI for Companies with more than 50 employees.

The main assumptions made for the actuarial estimation process are given below:

Economic recruitment	31 2024	December 31 2023
Annual rate of inflation	2,00%	2,00%
Annual discount rate	3,18%	3,08%
Annual rate of increase in severance pay	3,00%	3,00%

Annual frequencies of turnover and severance pay advances	31 2024	December 31 2023
Frequency of advances	2,00%	2,00%
Turnover frequency	10,00%	10,00%

Demographic assumptions	December 31, 2024	December 31, 2023
Death	RG48 mortality tables published by the State General Accounting Office.	RG48 mortality tables published by the State General Accounting Office.
Inability	INPS tables separated by age and sex 100% upon achievement of AGO requirements adjusted to Legislative Decree No. 4/2019	INPS tables separated by age and sex 100% upon achievement of AGO requirements adjusted to Legislative Decree No. 4/2019
Retirement		

Severance pay

The Termination Benefit, provided for in the Remuneration Policy approved by the Shareholders' Meeting on April 27, 2022, consists of an annual provision for the Company's executive directors, equal to one-twelfth of their annual compensation net of actuarial adjustments, to be paid upon termination of their term of office.

Liabilities for severance pay amounted to 152 thousand euros in the year ended December 31, 2024. Changes for the year ended December 31, 2024 and December 31, 2023 are shown below:

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Balance at the beginning of the period	70	26
Uses	-	-
Provision for severance pay	79	42
Financial charges	3	1
Actuarial gains/(losses)	-	0
Total benefits	152	70

The actuarial valuation of the Termination Benefit is carried out on the basis of the "accrued benefits" methodology using the "Projected Unit Credit" (PUC) criterion as provided in paragraphs 67-69 of IAS 19.

The main assumptions made for the actuarial estimation process are given below:

Economic recruitment	31 2024	December 31 2023
Annual discount rate	2,69%	3,15%
Annual compensation revaluation rate	-	-

Demographic assumptions	December 31, 2024	December 31, 2023
Death	RG48 mortality tables published by the State General Accounting Office.	RG48 mortality tables published by the State General Accounting Office.
Inability	INPS tables separated by age and sex 100% upon achievement of AGO requirements	INPS tables separated by age and sex 100% upon achievement of AGO requirements
Retirement		
Frequency of termination	0,00%	0,00%

22. Current and non-current financial liabilities

The following table shows the changes during the year ended December 31, 2023 and December 31, 2024 in current and non-current financial liabilities:

<i>Figures in thousands of Euros</i>	Amount
Financial liabilities as of January 01, 2023	3.871
Funding ignitions	-
Financial liability from hedging derivatives	(245)
Liabilities for interest on loans	15
Credit cards	(7)
Capital repayments	(817)
Foreign exchange effect	-
Financial liabilities as of December 31, 2023	2.817
Funding ignitions	-
Financial liability from hedging derivatives	-
Liabilities for interest on loans	(32)
Credit cards	15
Capital repayments	(2.761)
Foreign exchange effect	(2)
Financial liabilities as of December 31, 2024	36
Of which current	274
Of which non-current	(238)

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Current financial liabilities	37	889
Non-current financial liabilities	-	1.926
Total financial liabilities	37	2.815

23. Trade payables

Trade payables to suppliers amounting to 9,950 thousand euros as of December 31, 2024 (7,799 thousand euros as of December 31, 2023) are mainly attributable to payables to clinical centers at which the Group conducts clinical trials and the remainder to other suppliers of services and consumables.

Below are the changes trade payables during the year ended December 31, 2024:

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Trade payables	9.550	7.799
Total trade payables	9.550	7.799

Breakdown of payables by geographic area

<i>Figures in thousands of Euros</i>	Geographical area	
	December 31 2024	December 31 2023
Italy	3.317	2.876
European Union	3.369	2.672
Extra European Union (USA)	1.806	986
Extra European Union (other)	1.059	1.265
Total trade payables	9.550	7.799

24. Other current liabilities and non-current liabilities

The Group's other current liabilities for the year ending December 31, 2024 and December 31, 2023 are detailed below:

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Payables to social security institutions	907	572
Accrued expenses and deferred income	630	595
Other debts	1.702	1.149
Other current liabilities	3.239	2.317

Payables to social security institutions express the amount of payables to INPS and INAIL for withholdings to be paid and amounted to 907 thousand euros as of December 31, 2024 and showed an increase compared to the year ended December 31, 2023 in line with the increase in personnel costs (for more details on personnel costs see Note 6 to the consolidated financial statements).

Other payables, amounting to 1,702 thousand euros as of December 31, 2024, mainly refer to:

- Payables to employees for outstanding salaries amounting to 1,086 thousand Euro;
- Other payables of various kinds amounting to 64 thousand Euro.

"Accrued expenses and deferred income" amounting to Euro 230 thousand are mainly attributable to the deferred income of the grant related to the Industria 4.0 tax credit certified in fiscal year 2022 for a total of Euro 2,586 thousand and specifically to its method of accounting as a grant on account of plants related to the duration of the depreciation of the assets subject to the facility.

For this reason, in the year ended December 31, 2024, deferrals related to Industry 4.0 are classified under current liabilities for the portion that will be reversed to the income statement within the year 2024 in the amount of 455 thousand euros (455 thousand euros as of December 31, 2023) and under non-current liabilities for the portion beyond the year 2024 in the amount of 1,107 thousand euros (1,507 thousand euros as of December 31, 2023).

Below is a breakdown of Other non-current liabilities

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Deferred income non-current portion	1.107	1.
Other non-current liabilities	1.107	1.

More information

25. Commitments

It should be noted that, as of both December 31, 2024 and December 31, 2023, there are no commitments that are not reflected in the statement of financial position.

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

In relation to the provision of Article 1, Paragraph 125 of Law 124/2017, regarding the obligation to give evidence in the explanatory notes of any sums of money received during the fiscal year by way of grants, contributions, paid assignments and in any case 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 contribution	Contribution amount
2020 Research & Development Credit	1.015
Amount 2021 offset	232

Amount 2022 offset	447
Amount 2023 offset	336
Research & Development Credit 2021	1.782
Amount 2022 offset	594
Amount 2023 offset	594
Amount 2024 offset	594
Process Innovation Credit 2021	167
Amount 2022 offset	56
Amount 2023 offset	56
Amount 2024 offset	56
Research & Development Credit 2022	1.812
Amount 2023 offset	604
Amount 2024 to be offset	604
Amount 2025 to be offset	604
Process Innovation Credit 2022	260
Amount 2023 offset	87
Amount 2024 to be offset	87
Amount 2025 to be offset	87
Research & Development Credit 2023	1.160
Amount 2024 to be offset	387
Amount 2025 to be offset	387
Amount 2026 to be offset	387
Process Innovation Credit 2023	331
Amount 2024 to be offset	110
Amount 2025 to be offset	110
Amount 2026 to be offset	110
Industry 4.0 general goods credit year 2020	46
Amount 2021 offset	9
Amount 2022 offset	9
Amount 2023 offset	9
Amount 2024 offset	9
Amount 2025 to be offset	9
Industry 4.0 credit 2021	193
Amount 2021 offset	193
Industry 4.0 credit 2022	2.586
Amount 2022 offset	816
Amount 2023 offset	844
Amount 2024 offset	483
Amount 2024 to be offset	361
Amount 2025 to be offset	28
Amount 2026 to be offset	28
Amount 2027 to be offset	28
ACE Credit 2021	180
Amount 2021 offset	180
Energy Credit II quarter 2022	11
Amount 2022 offset	11
Energy credit III quarter 2022	20
Amount 2023 offset	20
Energy credit October-November 2022	25
Amount 2023 offset	25
Energy credit December 2022	10
Amount 2023 offset	10
Credit listing SME	500
Amount 2022 offset	500
Research & Development Credit 2024	3.218
Amount 2024 to be offset	1.073
Amount 2025 to be offset	1.073
Amount 2026 to be offset	1.073

Total credits	13.320
Offset credits	6.776
Receivables to be offset	6.544

27. Share-based payment incentive plan

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

To service the said Plan, the Shareholders' Meeting also resolved to increase the share capital free of charge in divisible form, pursuant to Article 2349 of the Civil Code, to be carried out by the deadline of December 31, 2026, for a maximum amount of 123 euros.974, to be charged in full to share capital and to establish for the same amount, a special reserve, taking it from the retained earnings reserve, called "Restricted earnings reserve capital increase to service the 2024-2026 Stock Grant Plan," which will remain restricted to service 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 Remuneration Committee, approved the regulations of the aforementioned Plan and implemented it, identifying the beneficiaries and defining the performance objectives and related *targets*, of the first allocation cycle 2021-2024, awarding a total of 121,000 *Units*;
- On Oct. 11, 2022, the Company's Board of Directors, subject to the positive opinion of the Nomination and Remuneration Committee, identified the beneficiaries and defined the performance objectives and related *targets*, of the second granting cycle 2022-2025, awarding a total of 130,000 *Units*;
- On Nov. 7, 2023, the Company's Board of Directors, subject to the positive opinion of the Nomination and Remuneration Committee, identified the beneficiaries and defined the performance objectives and related *targets*, of the third grant cycle 2023-2026, awarding a total of 619,000 *Units*.

Summary of the regulation

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

- The allocation to beneficiaries of a certain number of *Units* (free of charge);
- The setting, at the assignment stage, of *performance* goals;
- A three-year *performance* period;
- The awarding of shares to beneficiaries, subject to the achievement of *performance* targets achieved in the three-year period.

The purpose of the Plan is to grant a maximum of 877,286 *Units* that entitle beneficiaries to receive a maximum of 877,286 shares free of charge, corresponding to approximately 3 percent of the current share capital, with reference to ordinary shares only. The beneficiaries receive the shares following the allocation decided by the Board of Directors at the end of the performance period for each of the cycles of the Plan.

At the end of each Performance Period, the Board of Directors will evaluate the passing of the gate, if any, and the achievement of the performance goals, and determine the number of shares to be awarded to each beneficiary. Specifically, the Board of Directors, after ascertaining, the passing of the gate, if any, will evaluate the following:

a) Achievement of corporate objectives: for each Plan Cycle, the award of shares is subject to the condition that all or part of the corporate objectives related to the Company's performance and/or stock performance that will be identified by the Board of Directors for each beneficiary are achieved. The Board of Directors, in consultation with the Nominating and Compensation Committee, shall review the achievement of the corporate objectives at the end of the performance period of each Plan Cycle;

b) achievement of individual objectives: in addition to the Company's objectives, the Board of Directors, having consulted with the Nomination and Remuneration Committee, has drawn up individual objectives for the individual Beneficiaries of

the Plan on the basis of criteria mainly oriented: (i) to the development of the projects in which the individual Beneficiary is involved; (ii) to the achievement of the results of such projects in accordance with the methods and timeframes set by the Company and/or the Group; (iii) to obtaining authorizations from the relevant authorities in the biotechnology sector for the commercialization of the products developed by the Company and/or the Group; and (iv) to the conclusion of commercial agreements with leading companies in the research and development sector in which the Company operates. The Board of Directors, having consulted with the Nomination and Remuneration Committee, verifies the achievement of individual goals at the end of the performance period of each Plan Cycle.

(c) existence of the employment relationship between the Company or subsidiary and the beneficiary on the date the shares are granted.

Individual performance goals will be measured with reference to the specific three-year span of each Cycle, starting from the relevant date of assignment.

The Plan will end on the day coinciding with the grant date of the shares related to the third Cycle.

More information about the Plan is outlined in the information document available and accessible on the Company's website at (<http://www.philogen.com/>).

Evaluation criteria

The evaluation was carried out by considering separately the two performance targets, corporate and personal, assigned to each beneficiary. Specifically, the corporate performance component (so-called '*market based*') related to the attainment of the *gate* and *target* of 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 frame considered.

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

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

Specifically, the following data were used in the valuation of *fair values* at the date of assignment:

Second allocation cycle 2022-2025

Number of rights	Date of assignment	Due date	Course on the date of evaluation	Annual volatility	Dividend rate	Exit rate
130.000	November 01, 2022	October 31, 2025	13,820	29%	0%	0%

Third allocation cycle 2023-2026

Number of rights	Date of assignment	Due date	Course on the date of evaluation	Annual volatility	Dividend rate	Exit rate
616.000	December 01, 2023	November 30, 2023	18,250	27,44%	0%	0%

Overall evaluation results

With regard to the second allocation cycle, the total *fair value* was Euro 624 thousand as of December 31, 2024 (valuation year), of which Euro 450 thousand related to the subsidiary and Euro 176 thousand related to the Company. The portion pertaining to the year ended December 31, 2024 is Euro 151 thousand related to Philochem AG and Euro 77 thousand related to Philogen S.p.A.

With regard to the third allocation cycle, the total *fair value* was Euro 6,436 thousand as of December 31, 2024 (valuation year), of which Euro 1,092 thousand related to the subsidiary and Euro 5,344 thousand related to the Company. The portion pertaining to the year ended December 31, 2024 is €366 thousand related to Philochem AG and €1,794 thousand related to Philogen S.p.A.

It should be noted that during 2024, Cycle I of the 2024-2026 Stock Grant Plan was awarded.

Two additional incentive plans were approved during the year 2024. One for the benefit of the Company's employees called the 2027-2029 stock grant plan and a one-cycle director stock plan for 2024-2026.

The 2027-2029 Stock Grant Plan is aimed at Employees and Consultants who, in the sole and discretionary judgment of the Board of Directors, after consultation with the Nomination and Remuneration Committee, play a key role thereby actively contributing to the development of the Company. The Plan, like its predecessor, is divided into three cycles (2024, 2025 and 2026) each having a three-year duration that provide. The characteristics are the same as the previous Stock Grant Plan, only the access gate has been eliminated.

The purpose of the Plan is to grant a maximum of 600,000 Units entitling the Beneficiary to receive a maximum of 600,000 Shares free of charge. The Grantees receive the Shares on the Grant Date provided that, during the Performance Period, they have achieved the assigned Performance Goals and the employment or consulting relationship continues, and for each Grantee, the Grant Letter indicates (i) the number of Units granted, (ii) the Corporate Performance Goal, and (iii) the date from which the Performance Period will commence.

Number of rights	Date of assignment	Due date	Course on the date of evaluation	Annual volatility	Dividend rate	Exit rate
118.000	November 29, 2024	November 30, 2027	19,00		0%	0%

Overall evaluation results

The I cycle of allocation the total *fair value* was Euro 1,554 thousand as of December 31, 2024 (valuation year) of which Euro 767 thousand related to the subsidiary and Euro 787 thousand related to the Company. The portion pertaining to the year ended December 31, 2024 is Euro 22 thousand related to Philochem AG and Euro 22 thousand related to Philogen S.p.A.

Finally, **the 2024-2026 director plan** is for the Company's Executive Directors.

The purpose of the Plan is to grant a maximum of 600,000 Units which entitle the Grantees to receive a maximum of 600,000 Shares free of charge. The Grantees receive the Shares on the Delivery Date at Performance, have achieved the assigned Corporate Performance Goal, and the directorship relationship persists.

In the event that the Board of Directors (BoD) identifies a new Beneficiary, the BoD itself may - at its own discretion - determine the number of Units due to the said new Beneficiary on the basis of a pro-rata temporis criterion, having, in particular, regard to the period during which the new Beneficiary participates in the Plan and taking into account, therefore, that such Beneficiary has not participated in the Plan since the date of its inception.

Number of rights	Date of assignment	Due date	Course on the date of evaluation	Annual volatility	Dividend rate	Exit rate
600.000	November 8, 2024	December 31, 2026	20,50		0%	0%

The overall results of the evaluation

The total *fair value* is 8,610 thousand euros as of December 31, 2024 (valuation year).

The portion pertaining to the year ending December 31, 2024 is 582 thousand euros.

28. Disclosure of financial risks

In the area of business risks, the main risks identified, monitored and, to the extent 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 mainly from the Group's trade receivables and debt securities. The carrying value 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 mainly on the specific characteristics of each customer.

However, management also considers variables typical of the Group's customer portfolio, including the insolvency risk of the industry and country in which the customers operate. Assets under contract have as their counterparties primary pharmaceutical and multinational companies characterized by a low risk profile.

Liquidity risk

This is the risk that the Group will have difficulty meeting obligations associated with financial liabilities settled in cash or through another financial asset. The Group's approach to liquidity management is to ensure that there are always, as far as possible, sufficient funds to meet its obligations as they fall due, whether under normal or strained financial conditions, without incurring excessive charges or risking damage to its reputation.

The Group ensures that there are cash on demand 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 and other receivables, as well as outflows related to trade and other payables.

The following is the maturity analysis for trade receivables and payables and financial liabilities as of December 31, 2024:

<i>Figures in thousands of Euros</i>	December 31, 2024				Total
	Within 90 days	90 days to 1 year	1 to 5 years	Over 5 years	
Liabilities for leasing			5.	5.	11.
Financial liabilities				-	
Trade payables	9.	-	-	-	9.
Total	9.		5.	5.	21.

<i>Figures in thousands of Euros</i>	December 31, 2024				Total
	Within 90 days	90 days to 1 year	1 to 5 years	Over 5 years	
Trade receivables	760	-	-	-	760
Total	760				

In addition, the Group in addition to cash and cash equivalents, amounting to 30,574 thousand euros, holds a portfolio of financial investments totaling 83,154 thousand euros as of December 31, 2024, which is readily liquid and can be used to meet any liquidity needs. More information on the securities portfolio can be found in Note 17 to 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 as a result of changes in market prices, due to changes in exchange rates, interest rates, or equity prices. The objective of market risk management is to manage and control the Group's exposure to this risk within acceptable levels while optimizing investment returns.

Foreign exchange risk

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

Manufacturing activities are limited to Italy and Switzerland, so the Group is exposed to fluctuations between the euro and the Swiss franc. Sometimes contracts with customers may be in dollars. The reporting currency is the euro, Philogen is subject to foreign exchange risk arising from the translation of the financial statements of the Swiss subsidiary Philochem AG, affecting consolidated net income and consolidated shareholders' equity (translation risk).

In the year ended December 31, 2024, revenues from contracts with customers were mainly realized in Euro (the Group's functional currency) and accounted for approximately 98% of total revenues.

The following is a breakdown of revenues with customers by currency for the year ended December 31, 2024 and 2023:

<i>Figures in thousands of Euros</i>	Year ended December 31			
	2024	%	2023	%
U.S. dollar (USD)	47	0%	511	2%
Euro (EUR)	72.788	98%	20.304	88%
Swiss Franc (CHF)	1.161	2%	2.315	10%
Total revenue from contracts with customers	73.996	100%	23.130	100%

The following is an absolute value sensitivity analysis on revenues from contracts with customers resulting from a 1% change in the exchange rate of the currencies listed above for the years ended December 31, 2024 and 2023:

<i>Figures in thousands of euros in absolute value</i>	Year ended December 31	
	2024	2023
U.S. dollar (USD)	0,4	5
Euro (EUR)	728	203
Swiss Franc (CHF)	12	23
Total effect on revenue from contracts with customers	740	231

The Group also incurs operating costs in foreign currencies, and, mainly, Euros and Swiss Francs, sometimes also in U.S. Dollars. Minor amounts in other currencies depending on the countries with which it conducts clinical trials.

Details of operating costs broken down by currency for the years ended December 31, 2024 and 2023 are shown below:

<i>Figures in thousands of Euros</i>	Year ended December 31			
	2024	%	2023	%
U.S. dollar (USD)	1.094	3%	1.015	3%
Euro (EUR)	31.425	79%	25.840	75%
Pounds Sterling (GBP)	5	-	20	-
UAE Dirham (AED)	2	-	-	-
Polish Zloty (PLN)	8	-	9	-
Swiss Franc (CHF)	7.387	21%	7.077	21%
Indonesian Rupee (RUP)	1	-	-	-
Total operating costs	39.922	100%	33.961	100%

The following is an absolute value sensitivity analysis on operating costs resulting from a 1% change in the exchange rate of the currencies listed above for the years ended December 31, 2024 and 2023:

<i>Figures in thousands of euros in absolute value</i>	Year ended December 31	
	2024	2023
U.S. dollar (USD)	11	10
Euro (EUR)	314	258
Pounds Sterling (GBP)	-	-
UAE Dirham (AED)	-	-
Polish Zloty (PLN)	-	-
Swiss Franc (CHF)	74	71
Total effect on operating costs	399	340

The Group does not adopt exchange rate hedging instruments

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

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
EUR	77.970	58.620
GBP	-	-
RUB	-	-

USD	5.184	1.089
TRY	-	-
Total Current Financial Assets	83.154	59.709

Financial investment risk management

Following careful financial planning, the Parent Company invested the portion of cash in excess of ordinary cash needs in current financial assets. The choice of investments was made on the basis of monitoring and consultations with the study office of the securities depository bank. Constant information regarding the solvency of issuers, country risk, as well as market variables are made available to the company in order to put in place prompt corrective actions.

Based on the logic described in Note No. 17 "Other Current Financial Assets," to which reference is made for more details, the Group adopted an HTCS business model. Failure to pass the SPPI Test, resulted in its evaluation at FVTPL, while passing the SPPI Test resulted in its evaluation at FVTOCI.

Country risk management

The Group does not operate with countries that are economically, politically or socially unstable. By virtue of the ESAM recommendations, published on March 14, 2022, the Company despite not dealing with counterparties residing in Russia and/or Ukraine, continues to monitor the impact on financial markets of the War in Ukraine and the sanctions adopted against Russia.

29. Disclosure of 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, 2024 and December 31, 2023.

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Financial assets:		
Financial assets measured at amortized cost		
Trade receivables	760	1.281
Current financial assets	-	-
Cash and cash equivalents	30.574	15.635
Other current assets	1.062	837
Financial assets measured at fair value		
Current financial assets	83.154	59.709
Non-current financial assets	-	-
Total financial assets	115.551	77.462
Financial liabilities measured at amortized cost		
Non-current financial liabilities	-	1.926
Non-current lease liabilities	10.473	11.100
Current financial liabilities	37	890
Current lease liabilities	1.034	1.000
Trade payables	9.550	7.799
Other current liabilities	3.239	2.317
Total financial liabilities	24.334	25.031

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

Non-current financial liabilities and assets are settled or valued at market rates, so their *fair value* is believed to be substantially in line with current book values.

Fair value disclosure

In relation 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 on the basis of the levels provided in the hierarchy:

<i>Figures in thousands of Euros</i>	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Current financial assets measured at <i>fair value</i> recognized In the profit (loss) for the year	41.771	17.938	-	59.709
Total assets measured at <i>fair value</i>	41.771	17.938	-	59.709

<i>Figures in thousands of Euros</i>	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Current financial assets measured at <i>fair value</i> recognized In the profit (loss) for the period	67.246	15.908	-	83.154
Total assets measured at <i>fair value</i>	67.246	15.908	-	83.154

Financial assets related to level 1 of the *fair value* hierarchy refer to portfolio securities related to bonds, equities and units of investment funds listed on regulated markets. More details on the securities portfolio can be found in Note 17 to the consolidated financial statements.

Level 2 of the *fair value* hierarchy includes current financial assets measured at *fair value* recognized in profit (loss) for the period in accordance with IFRS 9, consisting of insurance investment products held by the Group for the purpose of investing excess cash (see Note 17 to the consolidated financial statements for more 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, on the basis of the NAV (*Net Asset Value*) reported by insurance companies, representative of the settlement value of policies as of the balance sheet date.

There were no transfers between different levels of the *fair value* hierarchy during the periods under consideration.

30. Related parties

There have been no changes on the procedure with related parties, which is available on the Company's website at (<http://www.philogen.com/>).

Total related party transactions are summarized below.

Period ended December 31, 2023

Figures in thousands of euros

	Related part						Total	Inc. % on budget item
	Rendo Ltd.	Rendo AG	Nerbio Ltd.	Strategic executives	Directors and Endoconsiliar Bodies	Board of Auditors		
Statement of financial position								
Activities by right of use	6.548	3.309	-	-	-	-	9.857	99%
Trade receivables	-	-	4	-	-	-	4	0
Financial liabilities for current leases	582	278	-	-	-	-	860	86%
Financial liabilities for non-current leases	6.395	4.552	-	-	-	-	10.946	99%
Employee benefits	-	-	-	-	70	-	70	6%
Payables to corporate bodies ^(*)	-	-	-	-	16	60	76	1%
<i>Other current liabilities</i>	-	-	-	51	175	-	226	10%
Profit and loss account								
Revenues	-	-	4	-	-	-	4	0
Depreciation	595	213	-	-	-	-	809	22%
Costs for services	-	-	-	-	2.103	63	2.166	15%
Personnel costs	-	-	-	660	-	-	660	5%
Financial charges	197	156	-	-	-	-	353	14%

^(*)In the financial statements of accounts payable to corporate bodies are included in the item "Trade payables"

Period ended December 31, 2024

Figures in thousands of euros

	Related part						Total	Inc. % on budget item
	Rendo Ltd.	Rendo AG	Nerbio S.r.l.	Strategic executives	Directors and Endoconsiliar Bodies	Board of Auditors		
Statement of financial position								
Activities by right of use	5.974	3.255	-	-	-	-	9.229	98%
Trade receivables	-	-	-	-	-	-	-	0%
Financial liabilities for current leases	6	25	-	-	-	-	31	83%
Financial liabilities for non-current leases	5.831	4.602	-	-	-	-	10.434	100%
Employee benefits	-	-	-	-	151	-	151	12%
Payables to corporate bodies ^(*)	-	-	-	-	15	60	75	1%
<i>Other current liabilities</i>	-	-	-	-	589	-	589	18%
Profit and loss account								
Depreciation	614	1.284	-	-	-	-	1.898	49%
Costs for services	-	-	-	-	2.103	67	2.170	13%
Personnel costs	-	-	-	206	-	-	206	1%
Financial charges	185	149	-	-	-	-	335	10%

^(*)In the financial statements of accounts payable to corporate bodies are included in the item "Trade payables".

The related party transactions outlined above do not qualify as either atypical or unusual, as they are part of the normal course of business of Group companies and are settled at arm's length.

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

Regarding dealings with Rendo S.r.l. and Rendo AG, the above balances mainly refer to lease payments for the following properties:

- property used as the registered and operational headquarters of Philochem, located at Libernstrasse 3 - 8112 Otelfingen (fee recognized to Rendo AG);
- production plant in Montarioso (Siena) and plant in Rosia (Siena), used as the administrative and operational headquarters of Philogen S.p.A. With regard to this case, following the Company's strong growth and expansion, it became necessary to re-evaluate and revise the company's areas and spaces in order to build an office building within the area currently leased by Rendo S.r.l. to Philogen S.p.A. under the lease agreement signed 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 was started. The activities for the construction

of the building, which was completed in July 2024 and whose cost was fully borne by Philogen, was recorded in the amount of Euro 2,334 thousand under leasehold improvements, representing an addition pursuant to Article 1593 of the Civil Code. These leasehold improvements are amortized over the entire duration of the lease of the Rosia site currently in place, the duration of which is unchanged, considering a tacit renewal in accordance with the provisions of International Accounting Standard IFRS 16.

Compensation to directors, strategic managers, auditors, other endoconsiliar bodies, and scientific committee

In relation to relations with the Directors, Statutory Auditors and the Scientific Committee of Group companies, these are limited to the payment of emoluments and remuneration as shown in the following tables:

i) Board of Directors

<i>Figures in thousands of euros</i>	December 31 2024	December 31 2023
Duccio Neri - Executive Chairman	365	300
Dario Neri - CEO	378	150
Giovanni Neri - Managing Director	227	90
Sergio Gianfranco Luigi Maria Dompé - Councilor	30	30
Nathalie Francesca Maria Dompé - Councilor	30	30
Leopoldo Zambelletti	30	30
Roberto	32	32
Guido Guidi	32	32
Marta Bavasso (*)	30	30
Maria Giovanna Calloni	32	32
Other Directors (**)	185	185
Total compensation	1.375	941
Monetary incentive plan (***)	589	153
Severance pay (****)	69	42
Total	2.033	1.136

(*) Lead Independent director.

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

(***) The cost for the MBO Plan provided for executive directors (Section 4.2 of the management report) includes the last installment related to the MBO 2023 and the provision for the MBO 2024 plan provided for executive directors.

(****) Severance pay (TFM) includes the portion of TFM paid for the outgoing executive directors (end of term with the approval of the financial statements as of December 31, 2021) and the TFM set aside related to the new position given to the executive directors (appointed by the Shareholders' Meeting on April 27, 2022)

ii) Strategic executives

<i>Figures in thousands of euros</i>	December 31 2023	December 31 2023
Duccio Neri	31	100
Dario Neri	66	350
Giovanni Neri	109	210
Compensation Strategic executives		660

iii) Board of Auditors

<i>Figures in thousands of euros</i>	December 31 2024	31 2023
Stefano Mecacci	9	27
Maurizio Di Marcotullio - President	20	-
Pierluigi Matteoni - Statutory Auditor	19	18
Alessandra Pinzuti - Statutory Auditor	19	18
Remuneration Board of Auditors	67	63

iv) Endoconsiliar organs

<i>Figures in thousands of euros</i>	December 31 2024	December 31 2023
Marta Bavasso	30	30
Roberto Ferraresi	20	20
Maria Giovanna Calloni	20	20
Endoconsiliar Committees Compensation.	70	70

Audit, Risk and Sustainability Committee: Marta Bavasso (Chair), Maria Giovanna Calloni and Roberto Ferraresi. This committee also serves as the Related Party Transactions Committee.

Remuneration and Appointments Committee: Marta Bavasso (Chair), Roberto Ferraresi, Maria Giovanna Calloni.

v) Scientific Committee

the Scientific Committee is chaired by Prof. Dario Neri, and consists of a total of three members, in addition to the Chairman. The Committee may avail itself of the collaboration of external consultants, chosen from prominent members of the scientific community and experienced professionals. The other members of the Scientific Committee are Administrator Guido Guidi and Wolfgang Berdel and Cornelia Halin Winter, who collaborate with the Group in an advisory capacity because of their experience in scientific fields related to the Group's research area.

Accounting principles

31. Evaluation criteria

These consolidated financial statements have been prepared using the historical cost convention, except for financial instruments, which are measured at *fair value* at each reporting date.

These consolidated financial statements have also been prepared on the going concern assumption. The Directors' assessment of this assumption takes into consideration the Group's current development strategies, the Group's capital and financial strength, and the possibility of reviewing the timing and structure of its development strategy as well as its ability to raise the financial resources necessary to continue its operations, including by licensing some of its proprietary products to third parties through *outlicensing* agreements.

32. Main accounting principles

Drafting criteria

The consolidated financial statements consist of the mandatory financial statements required by IAS 1. All schedules comply with the minimum content required by international accounting standards and applicable provisions set forth by the national legislature and Consob. The statements used are considered adequate for the purpose of giving a fair (fair) representation of the Group's financial position, financial performance and cash flows; in particular, the income statements reclassified by nature are considered to provide reliable and relevant information for the purpose of giving a fair representation of the Group's economic performance. The schedules that make up the Financial Statements are as follows:

Consolidated statement of financial position

The statement is presented by showing current and noncurrent assets and current and noncurrent liabilities separately 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 after the balance sheet date.

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

- expected to be realized/extinguished or expected to be sold or used in the Group's normal operating cycle;
- Is owned primarily to be traded;
- is expected to be realized/extinguished within 12 months after the balance sheet date.

In the absence of all three conditions, assets/liabilities are classified as non-current.

Consolidated statement of income

The classification of costs is by nature, highlighting intermediate results related to operating income and income before tax.

Consolidated statement of comprehensive income

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

Statement of changes in consolidated shareholders' equity

The statement shows the changes in equity items related to:

- Allocation of profit for the period of the parent company and subsidiaries to minority shareholders;
- Amounts related to transactions with shareholders (purchase and sale of own shares);
- each item of profit and loss net of any tax effects, which, as required by IFRS are alternatively charged directly to equity (gains or losses from the purchase or sale of treasury stock, actuarial gains and losses generated from the valuation of defined benefit plans), or have a balancing entry in an equity reserve (share-based payments for incentive plans);
- Changes in valuation reserves of derivative instruments hedging future cash flows, net of any tax effect.

Consolidated Statement of Cash Flows

The Statement of Cash Flows is presented using the indirect method, whereby net income is adjusted for the effects of non-cash transactions, any deferrals or accruals of prior or future operating cash receipts or payments, and items of income or expense associated with cash flows from investing or financing activities.

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

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

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

Cash equivalents include short-term restricted bank deposits.

Consolidation criteria

The consolidated financial statements of the Philogen Group include the period financial statements of Philogen S.p.A. and those of its subsidiary Philochem AG, a company under Swiss law in which the Parent Company has control pursuant to Article 26 of Legislative Decree 127/91. Summaries of the Group companies and consolidation methods are provided below:

Company name	Registered office	% of control	Currency	Consolidation method
Philogen S.p.A.	Siena - Italy	Group leader	EUR	Integral
Philochem AG	Zurich - Switzerland	99,998%	CHF	Integral

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

These financial statements are appropriately reclassified and adjusted in order to bring them in line with the parent company's accounting principles and valuation criteria where there are significant differences. All Group companies close their financial year on December 31.

The book value of investments in companies included in the consolidation is eliminated against the corresponding fractions of the equity of the investees by attributing to the individual assets and liabilities their current value on the date of acquisition. Any remaining difference, if positive, is recorded under non-current assets and residually under goodwill; if negative, it is charged to the income statement.

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

When preparing consolidated financial statements, balances of intercompany transactions as well as unrealized intercompany revenues and expenses are eliminated. Unsupported losses are eliminated in the same way as unrealized gains, to the extent that there are no indicators that would give evidence of impairment.

Foreign currency

Foreign currency transactions

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

Monetary items in a foreign currency at the end of the period are translated into the functional currency using the exchange rate on the same date. Non-monetary items that are 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 that are measured at historical cost in a foreign currency are translated using the exchange rate on the same date of the transaction. Exchange differences arising from the translation are generally recognized in net income/(loss) for the period within finance costs.

Foreign management

Assets and liabilities of foreign operations, including goodwill and *fair value* adjustments arising from the acquisition, are translated into euros using the exchange rate recognized at the period end date. Revenues and expenses of foreign operations are translated into Euro using the exchange rate in effect on the date of the transactions. Exchange rate differences are recognized in other comprehensive income and included in the translation reserve, except for exchange rate differences that are attributed to minority interests. When the Group disposes of an investment in a foreign operation, in whole or in part, such that it loses control, significant influence or joint control over it, the amount accumulated in the translation reserve relating to that foreign operation is reclassified to net income/(loss) for the period as an adjustment to the gain or loss on disposal.

The exchange rates used as of December 31, 2024 and December 31, 2023 for the conversions of income statement and balance sheet items in foreign currencies are summarized in the following table and refer to the subsidiary Philochem:

Exchange rates (CHF/EUR)	2024	2023
Spot exchange rate as of December 31 (for conversion of assets and liabilities)	0,9412	0,92600
Average change for the year (by converting costs and revenues)	0,9526	0,97173

Revenues from contracts with customers

Revenues are measured taking into account the consideration specified in the contract with the customer. The Group recognizes revenue when it transfers control of goods or services.

IFRS 15 "Revenue from contracts with customers" defines the criteria for recognizing and measuring revenue from contracts with customers. In general, IFRS 15 requires the recognition of revenue 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) Customer contract identification;
- (ii) identification of *performance* obligations (i.e., 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 *performance* obligations identified on the basis of the stand-alone selling price of each good or service;
- (v) Revenue recognition when the relevant *performance* obligation is met.

The Group's revenues are mainly derived from licensing agreements and contracts to perform research and development services commissioned by customers.

Regarding contracts involving the granting of licensing rights to the Group's intellectual property, firstly it is analyzed whether the granting of licensing right is distinguishable from other *performance obligations*. The Group recognizes distinct performance obligations when:

- the client can benefit from the good/service either alone or in combination with other resources that are readily available;
- the promise to transfer a good or service is identifiable separately from other promises in the contract.

If it is found 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 obligation to do.

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

- The contract requires, or the client expects, the Group to put in place activities that have significant impacts on intellectual property;
- Such activities at the time they are performed do not transfer distinct goods/services to the customer;
- Rights under the license expose the client to positive/negative effects for the Group's activities with reference to intellectual property.

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

The following is a summary outline of the main fees and related payment terms covered by the Group's license agreements:

Type of consideration	Accounting Recognition
<i>Up-front</i>	<p>They represent consideration received in advance at the conclusion of the contract. If referring to the granting of license fees, they are recognized:</p> <ul style="list-style-type: none"> — <i>at point in time</i>, in case they take the form of intellectual property use rights; — <i>over time</i>, in case they take the form of intellectual property access rights. <p>If specific goods/services transferred to the customer are not identified when the <i>up-front fee</i> is collected, this collection represents an advance and is recognized as revenue in the future when <i>performance obligations</i> are met ("<i>over time</i>").</p> <p>The Group issues an invoice for the <i>up-front fee</i> at the same time as entering into the contract. This invoice is usually due in 30 days. The payment terms do not include commercial discounts.</p>
<i>Commercial Options</i> (so-called " <i>Commercial Option Fees</i> ")	<p>If the license right is separable from other obligations to do, they are recognized as intellectual property use rights and the related revenue is recognized <i>at a point in time</i> when such license right is granted.</p> <p>If the license right is not separable from the other obligations to do, such collection represents an advance and is recognized as revenue in the future when the <i>performance obligations</i> are met ("<i>over time</i>").</p> <p>The Group issues an invoice for the <i>commercial option fee</i> at the same time that the customer notifies the Group of the desire to exercise said option. Such an invoice is usually due in 30 days. The payment terms do not include commercial discounts.</p>
<i>Milestone</i>	<p>They represent variable payments contingent on the achievement of certain significant goals in product development (e.g., the start of Phase III clinical trials).</p> <p>Upon entering into the contract, management assesses whether achievement of the <i>milestones</i> is highly probable and estimates the amount to be included in the transaction price using the <i>most probable value</i> method ("<i>most likely amount</i>"). If it is likely that there will be no subsequent significant revenue reversal, the <i>milestone</i> value is included in the transaction price.</p> <p>Payments related to events that are not under the Group's control and that typically depend on obligations to do on the part of the counterparty (such as product approval by regulatory authorities or achievement of customer-led research <i>milestones</i>), are not considered highly probable until there is certainty that the <i>milestone</i> will be achieved (e.g., a communication from the customer or regulatory authorities).</p> <p>At the end of each fiscal year, management reassesses the probability of achieving all <i>milestones</i> and, if necessary, adjusts its estimate of the overall transaction price.</p> <p>The Group issues an invoice for <i>the milestone</i> at the same time as the customer notifies it of the achievement of the goal/event. This invoice is usually due in 30 days. The payment terms do not include trade discounts.</p>
<i>Royalties</i> (based on sales)	<p>The Group recognizes sales-based royalty revenue only when (or as) the latest of the following events occurs:</p> <ul style="list-style-type: none"> — The subsequent sale or use; and — The fulfillment (or partial fulfillment) of the obligation to do to which all or part of the sales-based royalty was assigned.

With regard to *other performance obligations* contained in 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 these activities as the *performance obligation* is fulfilled ("*over time*") if one of the following criteria is met:

- the customer simultaneously receives and uses the benefits from the service performed by the Group as the Group performs it;
- performance performed by the Group creates or improves the activity that the customer controls as the activity is created or improved;
- the service does not create an asset with an alternative use for the Group, and the Group has the enforceable right to payment for the completed service up to the relevant date.

If not even one of the above criteria is 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*.

Public grants

Unrestricted government grants are recognized in profit/(loss) for the period as other income when the government grant becomes receivable. Other asset-related government grants are initially recognized at *fair value* as deferred revenue if there is reasonable certainty that they will be received and that the Group will comply with the expected conditions for their receipt, and are then recognized in profit/(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 shown in the balance sheet under current and non-current assets in relation to their possibility of utilization.

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

Cost recognition

Costs are recognized when they relate to goods and services purchased or consumed during the period or by systematic allocation on an accrual basis.

Financial income and expenses

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

Borrowing costs are accounted for on an accrual basis and recognized in the income statement in the period accrual.

Financial income is accounted for based on the actual rate of return on an accrual basis.

Taxes

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

The Group has determined that interest and penalties related to income taxes, including accounting treatments to be applied to income taxes of an uncertain nature, are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* because 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 taxable income or tax loss for the year as well as any adjustments to taxes from prior years. The amount of taxes payable or receivable, determined on the basis of tax rates in effect or substantially in effect at the end of the reporting period, also includes the best estimate of any portion payable or receivable that is subject to uncertainty factors. 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 reference to temporary differences between the carrying amounts of assets and liabilities recorded in the financial statements and the corresponding amounts recognized for tax purposes. Deferred taxes are not recognized for:

- temporary differences related to 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 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 used. Future taxable income is defined on the basis of the reversal of the related deductible temporary differences. If the amount of taxable temporary differences is not sufficient to fully recognize a deferred tax asset, future taxable income, adjusted for the cancellations of outstanding temporary differences, provided for in the business plans of individual Group companies is considered. The value of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Such reductions must be restored when the probability of future taxable income increases.

Unrecognized deferred tax assets are reviewed at the end of each reporting period and are recognized to the extent that it has become probable that the Group will earn sufficient taxable profit in the future to utilize them.

Deferred taxes are measured using the tax rates that are expected to be applicable to temporary differences in the year in which they reverse based on tax rates established by measures in effect or substantially in effect at the end of the reporting period and reflect any uncertainties related to 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 reporting period, to recover or settle the carrying amount of assets and liabilities

Operating income

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

Earnings/loss per share

Basic earnings per share were calculated by considering the profit attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding during the period.

The calculation of diluted earnings per share was made considering the profit attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding during the period taking into account the effects of all dilutive potential ordinary shares. The calculation of the dilutive effect of potential ordinary shares was made on the basis of the *treasury share method* prescribed by IAS 33 .

Property, plant and equipment

i) Survey and evaluation

An item of property, plant and equipment is valued at cost, including capitalized borrowing costs, less accumulated depreciation and impairment losses.

If an item of property, plant and equipment is composed of several components having different useful lives, these components are accounted for separately (significant components).

The gain or loss generated 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 by a straight-line basis, net of its estimated residual value, over the item's useful life. Depreciation is generally recognized in profit/(loss) for the period under "Depreciation and amortization." Land is not depreciated. Fixed assets are subject to depreciation when the asset is in the condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives of the current period and comparative years are as follows:

Category	Rate
Buildings	3%
Plant and machinery	20%
Automatic machinery	20%
Industrial and commercial equipment	15%
Cars	25%
Furniture and furnishings	12%
Leasehold improvements	8 - 10%

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

Intangible assets

i) Survey and evaluation

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

If all capitalization requirements are not met, 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 that have a finite useful life, are carried at cost less accumulated amortization and any accumulated impairment losses.

ii) Subsequent costs

Costs subsequent to initial recognition 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 income/(loss) in the period in which they are incurred.

iii) Depreciation

Amortization is recognized in profit/(loss) for the year on a straight-line basis over the estimated useful life of intangible assets, from when the asset is available for use.

The estimated useful lives of the current period and comparative years are as follows:

Category	Average rate
Patent rights and rights to use intellectual works	5%
Concessions, licenses, trademarks and similar rights	10%

Depreciation methods, useful lives, and residual values are reviewed at each period end and modified as necessary.

Activities by right of use

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 conveys 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 a contract or upon modification of a contract that contains a lease component, the Group allocates the contract consideration to each lease component on the basis of its stand-alone price.

On the effective date of the lease, the Group recognizes the right-of-use asset and the lease liability. The right-of-use asset is initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for lease payments due on or before the effective date, increased by the initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or the site where it is located, net of lease incentives received.

The right-of-use asset is depreciated successively on a straight-line basis from the effective 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, the Group is expected to exercise the purchase option. In such a case, the right-of-use asset will be depreciated over the useful life of the underlying asset, determined on the same basis as that of property and equipment. In addition, the right-of-use asset is regularly decreased by any impairment losses and adjusted to reflect any changes resulting from subsequent valuations of the lease liability.

The Group values the lease liability at the present value of unpaid lease payments due on the effective date, discounting them using the lease's implicit interest rate. Where this rate cannot be easily determined, the Group uses the marginal financing rate. Generally, the Group uses the marginal financing rate as the discount rate.

The Group's marginal financing rate is calculated based on the interest rates obtained from various external financing sources by making certain adjustments to reflect the terms of the lease and the type of leased asset.

Lease payments due included in the measurement of the lease liability include:

- fixed payments (including substantially fixed payments);
- Variable lease payments due that depend on an index or rate, initially evaluated using an index or rate on the effective date;
- The amounts expected to be paid as collateral on the residual value; and
- the exercise price of a purchase option that the Group is reasonably certain to exercise, payments due for the lease in an optional renewal period if the Group is reasonably certain to exercise the renewal option, and penalties for early termination of the lease, unless the Group is reasonably certain not to terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method and is remeasured when there is a change in the future lease payments due resulting from a change in the index or rate, when there is a change in the amount the Group expects to have to pay as security on the residual value, or when the Group changes its valuation by reference to whether or not it exercises an option to purchase, extend, or terminate, or when there is a revision in the payments due for the lease that is fixed in substance.

When the lease liability is remeasured, the lessee makes a corresponding change in the right-of-use asset. If the book value 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 retroactive application method as of January 1, 2017.

Short-term leasing and leasing of low-value assets

The Group has decided not to recognize right-of-use assets and lease liabilities related to low-value assets and short-term leases, including computer equipment. The Group recognizes the related lease payments due as an expense on a straight-line basis over the lease term.

Lease back

If an entity transfers a particular asset to another entity and obtains it on leaseback, it must be determined, based on the provisions of IFRS 15, whether the transfer should be accounted for as a sale. If so, the lessee-seller must measure the asset consisting of the right of use arising from the leaseback at the percentage of the previous carrying amount of the asset that transfers to the right of use retained by the lessee-seller. Accordingly, the lessee-seller should recognize only the amount of gain or loss that relates to the rights transferred to the lessor-buyer. 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 due are not at market prices, the entity should make the following adjustments to measure the sale proceeds at *fair value*: (i) terms below market prices should be accounted for as an upfront payment of lease payments due, and (ii) terms above market prices should be accounted for as additional financing provided by the lessor-buyer to the lessee-seller.

Inventories

Inventories are valued at the lower of purchase or production cost and net realizable value. Purchase cost is defined as the actual purchase price plus ancillary charges. The purchase cost of materials includes, in addition to the price of the material, the costs of transportation, customs, other taxes and other costs directly attributable to that material. Returns, trade discounts, rebates and premiums are deducted from cost. Production cost means all direct costs and indirect costs for the portion reasonably attributable to the product relating to the period of manufacture and up to the time from which the good can be used, considered on the basis of normal production capacity. Realization value that can be inferred from market trends is equal to the estimated selling price of goods and finished products in the normal course of business, net of assumed completion costs and direct selling costs. For the purpose of determining the realizable value inferable from market trends, the rate of obsolescence and the turnaround time of inventories are taken into account, among other things. 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 share of overhead expenses determined on the basis of normal production capacity.

Financial instruments

i) Survey and evaluation

Trade receivables are recognized when they are originated. All other financial assets and liabilities are initially recognized on the trade date, which is when the Group becomes a contractual party to the financial instrument.

Except for 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, the 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 valued at their transaction price.

ii) Classification and subsequent evaluation

Financial assets:

Upon initial recognition, a financial asset is classified according to its valuation: amortized cost; *fair value* recognized in other comprehensive income (FVOCI) - debt security; FVOCI - equity security; or *fair value* recognized in profit/(loss) for the period (FVTPL).

Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets. In such a case, all affected financial assets are reclassified on the first day of the first fiscal year following the change in business model.

A financial asset should be measured at amortized cost if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is owned as part of a business model whose objective is the ownership of financial assets aimed at collecting the related contractual cash flows; and
- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

A financial asset should be assessed at FVOCI if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is owned as part of a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets; and
- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

Upon initial recognition of an equity security not held for trading purposes, the Group may make an irrevocable election to present subsequent changes in *fair value* in other comprehensive income. This choice is made for each asset.

All financial assets not classified as measured at amortized cost or 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 (loss) for the period if doing so eliminates or significantly reduces an accounting asymmetry that would otherwise result from measuring the financial asset at amortized cost or FVOCI.

Financial activities: business model assessment

With specific reference to the Business Model, IFRS9 identifies three different business models, which in turn reflect how financial activities are managed:

- i. "Held To Collect": a business model under which financial assets are held with the objective of realizing contractual cash flows by holding the financial instrument to maturity;
- ii. "Held to Collect and Sell": a business model that includes financial assets held with the goal of both realizing contractual cash flows over the life of the asset and collecting proceeds from the sale of the asset;
- iii. "Other": business model includes financial instruments that cannot be classified into the previous categories, mainly represented by financial assets held for the purpose of realizing cash flows through sale (assets held for trading).

The business model thus represents how the Group manages its financial assets, that is, how it intends to realize 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 best reflecting how the asset is managed and the information reported to management. Such information includes:

- the stated criteria and objectives of the portfolio and the practical application of those criteria, including, among others, whether management's strategy is based on obtaining interest income from the contract, maintaining a determined interest rate profile, aligning the maturity of financial assets with that of related liabilities, or expected cash flows or raising cash flows through the sale of assets;
- how portfolio performance is evaluated and how performance is reported to the Group's key management personnel;
- 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 way in which the firm's executives are compensated (for example, whether compensation is based on the *fair value* of assets under management or on contractual cash flows collected); and
- the frequency, value and timing of sales of financial assets in previous years, the reasons for sales, and expectations regarding future sales.

Transfers of financial assets to third parties as part of transactions that do not result in derecognition are not considered sales for business model evaluation purposes, consistent with the Group's retention of such assets on the balance sheet.

Financial assets that meet the definition of financial assets held for trading or whose performance is measured on the basis of *fair value* are measured at FVTPL.

Financial assets: assessment of whether contractual cash flows are represented solely by payments of principal and interest.

For valuation purposes, 'principal' is the *fair value* of the financial asset at initial recognition, while 'interest' is the consideration for the time value of money, for the credit risk associated with the amount of principal to be repaid during a given period of time, and for other basic risks and costs associated with the loan (e.g., 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 others, whether the financial asset contains a contractual term that changes the timing or amount of contractual cash flows such that the following condition is not met. For evaluation purposes, 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 elements;
- elements of prepayment and extension; and
- clauses that limit the Group's demands for cash flows from specific activities (e.g., non-recourse items).

The prepayment element is consistent with the criterion of "cash flows represented solely by payments of principal and interest" when the prepayment amount substantially represents the unpaid amounts of principal and accrued interest on the principal amount to be repaid, which may include reasonable compensation for early termination of the contract. In addition, in the case of a financial asset acquired at a significant premium or discount to the nominal contractual amount, an item that allows or requires a prepayment equal to an amount that substantially represents the nominal contractual amount plus accrued (but unpaid) contractual interest (which may include reasonable compensation for early termination of the contract) is accounted for in accordance with this criterion if the *fair value* of the prepayment item is not significant upon initial recognition.

Financial assets: subsequent valuation and gains and losses

<i>Financial assets valued at FVTPL</i>	These assets are subsequently measured at <i>fair value</i> . Net gains and losses, including dividends or interest received, are recognized in net income/(loss) for the year.
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<i>Financial assets measured at amortized cost</i>	These assets are subsequently measured at amortized cost in accordance with the effective interest method. The amortized cost is decreased by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in net income/(loss) for the period as are any gains or losses from derecognition.
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<i>Debt securities valued at FVOCI</i>	These assets, after passing the SPPI Test, are subsequently measured at <i>fair value</i> . 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, accumulated gains or losses in other comprehensive income are reclassified to net income/(loss) for the period.
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<i>Equity securities valued at FVOCI</i>	These assets are subsequently measured at <i>fair value</i> . Dividends are recognized in net income/(loss) for the period unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to net income/(loss) for the period.
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Financial liabilities: classification, subsequent valuation, 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, represents 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/(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 net income/(loss) for the period, as are any gains or losses from derecognition.

iii) Accounting elimination

Financial assets

Financial assets are derecognized when the contractual rights to the cash flows from them expire, when the contractual rights to receive the 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 involving 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 fulfilled or cancelled or has expired. The Group also derecognizes a financial liability when the relevant contractual terms are changed and the cash flows of the changed liability are substantially different. In such a case, a new financial liability is recognized at *fair value* based on the changed contractual terms.

The difference between the book value of the financial liability extinguished and the consideration paid (including assets not represented by cash transferred or liabilities assumed) is recognized in profit/(loss) for the period.

iv) Compensation

Financial assets and liabilities may be offset and the amount resulting from the offset is presented in the statement of financial position if, and only if, the Group currently has the legal right to offset such amounts and intends to settle the balance on a net basis or realize the asset and settle the liability simultaneously.

Impairment losses

i) *Financial instruments and assets arising from contracts*

The Group recognizes allowances for expected credit losses related to:

- Financial assets measured at amortized cost;
- debt securities valued at FVOCI; and
- Activities arising from contract.

In addition, the Group recognizes among trade and other receivables allowances for expected losses over the life of the receivables implicit in lease contracts.

The Group assesses impairment provisions at an amount equal to the expected losses over the life of the loan, except as noted below, for the following twelve months:

- Debt securities with low credit risk at the balance sheet date; and
- other debt securities and bank accounts whose credit risk (i.e., the risk of default arising over the expected life of the financial instrument) has not significantly increased after initial recognition.

Allowances for impairment of trade receivables (including those related to leases) and contract assets are always valued at an amount equal to the expected losses over the life of the receivable.

To determine whether credit risk relating to a financial asset has increased significantly since initial recognition in order to estimate expected credit losses, the Group considers reasonable and demonstrable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Group's historical experience, credit assessment as well as information indicative of expected developments ('forward-looking information').

Long-lived expected credit losses are the expected credit losses arising from all possible defaults over the expected life of a financial instrument.

Expected credit losses at 12 months are expected credit losses arising from possible defaults within 12 months of the reporting 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.

Evaluation of expected credit losses

Expected credit losses (ECLs) are a probability-weighted estimate of credit losses. Accounts receivable losses are the present value of all foregone collections (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows the Group expects to receive).

ECLs are discounted using the effective interest criterion of the financial asset.

Non-financial assets

At each reporting date, the Group tests whether there is objective evidence of impairment with respect to the carrying values of its nonfinancial assets, excluding, investment properties, inventories, assets arising from contracts, and deferred tax assets. If on the basis of this review, it appears that the assets are indeed impaired, the Group estimates their recoverable amount.

Share capital

In accordance with IAS 32, ordinary shares and other shares issued by the parent company are classified as equity instruments.

Incremental costs directly attributable to the issuance of ordinary shares are recognized as a decrease in equity. Income taxes related to the transaction costs of an equity transaction are recognized in accordance with IAS 12.

Funds

The amount of the provisions is 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 specific risks associated with the liability.

Employee benefits

As of January 1, 2007, the 2007 Budget Law and its implementing decrees introduced significant changes in the rules governing severance pay, including the worker's choice as to whether to allocate his or her accruing severance pay to supplementary pension funds or to the "Treasury Fund" managed by INPS. It follows, therefore, that the obligation to INPS and the contributions to supplementary pension funds assume, under IAS 19, the nature of "Defined Contribution Plans," while the portions booked to the TFR retain the nature 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 benefit that employees have accrued in exchange for service in the current and prior periods; this benefit is discounted and the *fair value* of any plan assets are deducted from liabilities.

The calculation is performed by an independent actuary using the projected unit credit method. Where the calculation generates a benefit to the Group, the amount of the asset recognized is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future plan contributions. In order to determine the present value of economic benefits, the minimum funding requirements applicable to any Group plan are considered.

Actuarial gains and losses, returns from plan assets (excluding interest) and the effect of the asset ceiling (excluding any interest) arising on remeasurements of the net defined benefit liability are recognized immediately in other comprehensive income. Net interest period on the net defined benefit liability/(asset) is calculated by applying to the net defined benefit liability/(asset), the discount rate used to discount the defined benefit obligation, determined at the beginning of the period, considering any changes in the net defined benefit liability/(asset) that occurred during the period as a result of contributions received and benefits paid. Net interest and other costs related to defined benefit plans, on the other hand, are recognized in net income/(loss) for the period.

When changes are made to the benefits of a plan or when a plan is reduced, the portion of the economic benefit relating to past service or the gain or loss resulting from the reduction of the plan is recognized in profit/(loss) for period when the adjustment or reduction occurs.

Share-based payments

The grant date *fair value* of incentives recognized in equity-settled share-based payment granted to employees is usually recognized as an expense, with a corresponding increase in equity, over the period during which employees earn the right to the incentives. The amount recognized as an expense is adjusted to reflect the actual number of incentives for which the conditions of continued employment and non-market performance have vested, so that the final amount recognized as an expense is based on the number of incentives that meet these conditions as of the vesting date. In the case of incentives

recognized in share-based payment whose conditions are not to be considered vesting, the *fair value* at the grant date of the share-based payment is measured to reflect those conditions. With respect to non-vesting conditions, any differences between the assumptions made on the grant date and the actual assumptions will have no impact on the financial statements.

The *fair value* of the amount payable to employees in respect of cash-settled share appreciation rights is recognized as an expense with a corresponding increase in the liability over the period during which employees accrue the unconditional right to receive payment. The liability is measured at each period end date and at the settlement date based on the *fair value* of the stock appreciation rights. Any changes in the *fair value* of the liability are recognized in profit/(loss) for the period.

Fair value assessments

Various accounting standards and certain disclosure requirements require the Group to measure the *fair value* of financial and non-financial assets and liabilities. In assessing the *fair value* of an asset or liability, the Group uses observable market data to the extent possible. *Fair values* are separated into various hierarchical levels based on the input data used in the valuation techniques, as illustrated below

- *Level 1*: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: Input data other than the quoted prices in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- *Level 3*: Input data related to the asset or liability that are not based on observable market data.

Fair value is the price that would be received at the measurement date for the sale of an asset or that would be paid for the transfer of a liability in a regular 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 a default risk.

Where available, the Group assesses the *fair value* of an instrument using the quoted price of that instrument in an active market. A market is active when transactions in the asset or liability occur with sufficient frequency and volume to provide useful pricing information on an ongoing basis.

In the absence of a quoted price in an active market, the Group uses valuation techniques by maximizing the use of observable input data and minimizing the use of unobservable input data. The chosen valuation technique includes 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 a ask price, the Group values assets and long positions at the bid price and liabilities and short positions at the ask price.

The best evidence of the *fair value* of a financial instrument at initial recognition is usually the transaction price (i.e., the *fair value* of the consideration given or received). If the Group notices 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 insignificant, 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. Thereafter, this difference is recognized in profit/(loss) for the period the life of the instrument by an appropriate method, but no later than when the valuation is fully supported by observable market data or the transaction is completed.

Operating area

IFRS 8 - Operating Segments - defines an operating segment as a component:

- Involving revenue- and cost-generating business activities;
- whose operational results are reviewed periodically at the highest decision-making level;
- For which separate economic and financial data are available.

The *Chief Operating Decision Maker* ("CODM") is identified in 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 contracts, and products in order to monitor business progress and take related decision-making actions.

In this regard, the Company's management has identified a single business segment. The substantially homogeneous type of business, together with the status of projects under development, does not allow the division into multiple segments subject to different risks and benefits from other business segments. In addition, the services provided, the nature of production processes, and the type of customers by product do not allow the company's business to be split into several business segments. Therefore, the company believes that at present an economic and financial representation by business and geographic segments would not provide a better representation and understanding of the business or its risks and rewards.

Changes in international accounting standards, interpretations and amendments

Below are the new accounting standards, interpretations and improvements issued by the IASB and adopted as of January 1, 2024:

Amendments to IFRS 16 - Liabilities for Leases in a Sale and leaseback (mandatory application from January 1, 2024)

The amendments introduce a new accounting model and require the landlord-seller to revalue transactions entered into since 2019. They are effective Jan. 1, 2024, and must be applied retrospectively. Early application is permitted.

This change had no impact on the Group.

Amendments to IAS 1 - Non-current liabilities with covenants and classification of current and non-current liabilities.

Under amendments to IAS 1 "Presentation of Financial Statements," the classification of some liabilities as current or noncurrent may change (e.g., convertible debt). In addition, companies may have to provide new disclosures for liabilities subject to covenants.

The changes apply as of January 1, 2024 and are to be applied retrospectively.

This change had no impact on the Group.

Amendments to IAS 7 and IFRS 7 - Financing Arrangements with Suppliers.

Amendments issued in May 2023 to clarify the characteristics of financial arrangements with suppliers and require more disclosures in the financial statements. Disclosure details will enable understanding of the effects of arrangements on liabilities, cash flows, and exposure to liquidity risk. Effective January 1, 2024, with early application permitted.

This change had no impact on the Group

Accounting standards, amendments and interpretations not yet endorsed by the European Union as of December 31, 2024

The following accounting standards, amendments and interpretations have been issued by the IASB but not yet transposed by the EU:

- IFRS 18 - Presentation and Disclosure in Financial Statements (mandatory application as of January 1, 2027);
- Amendments to IAS 21 - Impossibility of Foreign Exchange - (effective January 1, 2025);
- Amendments to IFRS 9 and IFRS 7- Amendments to the classification and measurement of financial investments (effective January 1, 2026);
- Amendments to IFRS 19 - Subsidiaries without public accountability: disclosures (effective January 1, 2027).

The Group has not early adopted any principles, interpretations or improvements issued but not yet in force.

The Group is still evaluating the possible impact related to the adoption of the new standards listed above, but from a preliminary *assessment*, no significant impact on the Group's consolidated financial statements is expected.

Disclosure pursuant to Article 149-duodecies of the Issuers' Regulations

<i>Figures in thousands of</i>				
Type of services	Subject who provided the service	Recipient	notes	Total Compensation 2024
Auditing	Parent Company Auditor	Group leader		184.366
Other Services	(i) Auditor of the Parent Company	Group leader	1	31.850
Subtotal				216.216
Auditing	Parent company auditor's network	Subsidiaries		29.747
Subtotal				29.747
Total				245.963

1) The item refers to the attestation related to the Research & Development Credit, the audits on Net Financial Debt as of March 31 and September 30, 2024 and the audits related to the IMMUNOSABR project

Certification of the consolidated financial statements pursuant to Article 81b of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements 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 Manager in charge of drafting the accounting and corporate documents of Philogen S.p.A., attest, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:

- a) The adequacy in relation to the characteristics of the enterprise and
- b) The effective application, of administrative and accounting procedures for the preparation of consolidated financial statements during the period January 1 - December 31, 2024.

It is also certified that the Consolidated Financial Statements as of December 31, 2024 of the Philogen Group:

- is 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;
- corresponds to the findings in the books and records;
- is suitable to provide a true and fair representation of the financial position, results of operations, and financial position of the Issuer and the Companies included in the consolidation.

The management report includes a reliable analysis of the performance and result of operations, as well as the situation of the Issuer and all the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Siena, March 27, 2025



Executive chairman (Duccio Neri)



Financial reporting manager (Laura Baldi)

Annual report

Statement of income statement

<i>Data in Euros</i>	Note s	2024	<i>Of which with related parties</i>	2023	<i>Of which with related parties</i>
Revenues from contracts with customers	5	74.749.138	761.166	23.737.931	663.118
Other income	5	3.659.813		1.949.547	
Total revenue and income		78.408.951	761.166	25.687.478	663.118
Purchases of raw materials and consumables	6	(2.125.045)		(2.378.482)	
Costs for services	6	(18.397.550)	(5.184.799)	(15.280.538)	(4.354.958)
Costs for the use of third-party assets	6	(294.879)		(173.889)	
Personnel costs	6	(10.848.649)	(206.000)	(8.228.958)	(660.000)
Depreciation	6	(3.371.826)	(613.823)	(3.142.505)	(595.089)
Other operating costs	6	(411.595)		(353.453)	
Total operating costs		(35.449.544)	(6.004.622)	(29.557.825)	(5.610.047)
Operating income		42.959.407	(5.243.456)	(3.870.347)	(4.946.929)
Financial income	7	4.022.010		4.393.951	
Financial charges	7	(1.349.728)	(234.937)	(1.369.962)	(417.401)
Total financial income and expenses		2.672.282	(234.937)	3.023.989	(417.401)
Income from equity investments	8	(5.280.209)	(5.280.209)	(5.325.364)	(5.325.364)
Earnings before taxes		40.351.480	(10.758.601)	(6.171.222)	(10.689.694)
Taxes	9	4.939.422		10.717	
Profit (Loss) for the year		45.290.902	(10.758.601)	(6.161.005)	(10.689.694)
Earnings (Loss) per share (in Euros)	10	1,12		(0,15)	
Diluted earnings (loss) per share (in Euros)	10	1,12		(0,15)	

Statement of comprehensive income

<i>Data in Euros</i>	Notes	2024	2023
Profit (Loss) for the period (A)		45.290.902	(6.161.005)
<i>Other gains (losses) that will be later reclassified to net income (loss) for the period</i>			
Share of components of comprehensive income of investee companies accounted for using the equity method	22	401.748	401.748
Profit (loss) from <i>cash flow hedge</i>	22	457.980	457.980
Fiscal effect	22	(127.776)	(127.776)
Total other gains (losses) that will be subsequently reclassified to net income (loss) for the year (B)		731.952	731.952
<i>Other gains (losses) that will not be subsequently reclassified to net income (loss) for the period</i>			
Profit (loss) from valuation of financial assets measured at <i>fair value</i>	22	111.941	111.941
Actuarial valuation gain (loss) on employee benefits	22	(4.278)	(4.278)
Fiscal effect	22	(25.672)	(25.672)
Total other gains (losses) that will not be subsequently reclassified to net income (loss) for the year (C)		81.991	81.991
Total other components of comprehensive income (B+C)		813.943	813.943
Comprehensive income (loss) after tax (A+B+C)		46.104.845	(5.347.062)
Comprehensive income (loss) attributable to shareholders of the parent company		46.104.845	(5.347.062)

Statement of financial position

<i>Data in Euros</i>	<i>Notes</i>	December 31, 2024	<i>Of which with related parties</i>	December 31, 2023	<i>Of which with related parties</i>
ACTIVITIES.					
Property, plant and equipment	11	14.191.467		14.478.394	
Intangible assets	12	799.315		895.316	
Activities by right of use	13	6.146.294	5.974.469	6.878.162	6.547.867
Participations	14	841.465	841.465	5.738.110	5.732.614
Other non-current assets	18	1.626.001		2.789.846	
Deferred tax assets	9	8.467.837		123.489	
Non-current assets		32.072.379	6.815.934	30.903.317	12.280.481
Inventories	15	3.149.077		2.127.975	
Activities arising from contract	16	3.261.437		1.350.000	
Trade receivables	17	1.595.232	834.054	1.937.432	660.560
credits	18	10.206.128		8.101.276	
Other current financial assets	19	83.154.174		59.709.325	
Other current assets	20	896.792		707.957	
Cash and cash equivalents	21	29.313.685		14.976.243	
Current Assets		131.576.525	834.054	88.910.208	660.560
Total assets		163.648.904	7.649.988	119.813.525	12.941.042
EQUITY					
Capital		5.731.227		5.731.227	
Share premium reserve		93.127.674		99.755.434	
Other reserves		(5.492.750)		(8.736.626)	
Profit (loss) for the year		45.290.902		(6.161.005)	
Total equity	22	138.657.053		90.589.030	
Total equity	22	138.657.053		90.589.030	
PASSIVITY.					
Employee benefits	23	1.293.438	157.833	1.202.264	69.589
Non-current lease liabilities	13	5.871.269	5.831.469	6.547.914	6.394.662
Non-current financial liabilities	24	(237.505)		1.925.666	
Other non-current liabilities	26	1.107.281		1.507.170	
Deferred tax liabilities	9	236.947		192.484	
Non-current liabilities		8.271.430	5.989.303	11.375.498	6.464.251
Current financial liabilities	24	274.112		5.539.588	4.650.000
Current lease liabilities	13	715.013	221.560	713.435	581.923
Trade payables	25	10.649.399	1.323.004	8.890.021	1.435.659
Liabilities arising from contract	16	377.489		465.752	
Tax debts	18	2.135.432		239.095	
Other liabilities	26	2.568.976	174.926	2.001.106	225.695
Current liabilities		16.720.421	1.719.491	17.848.997	6.893.277
Total liabilities		24.991.851	7.708.794	29.224.495	13.357.528
Total equity and liabilities		163.648.904	7.708.794	119.813.525	13.357.528

Data in Euros	Other reserves															Total PN
	Capital	Share premium reserve	Earnings reserve restricted capital increase to service the 2024-2026 Stock Grant Plan	Negative reserve own shares	Legal reserve	FTA Reserve	Reserve from translation	Cash flow hedge reserve	Merger surplus reserve	IAS 19 reserve	Reserve from valuation of financial assets measured at fair value	Share-based payment reserve	Retained earnings (losses)	Total other reserves	Profit (loss) for the year	
Opening balances as of January 1, 2023	5.731.227	106.096.415	(123.794)	(2.461.187)	891.916	(7.421.458)	1.261.425	(185.652)	448.882	(13.879)	(86.525)	124.566	-	(7.565.708)	(6.340.981)	97.920.953
Allocation of previous year's result		(6.340.981)												-	6.340.981	-
Purchase of own shares				(2.378.879)										(2.378.879)		(2.378.879)
Stock Grant Plan												394.019		394.019		394.019
Result for the year														-	(6.161.005)	(6.161.005)
Other comprehensive income (loss) after tax effect							401.748	330.204		(3.084)	85.075			813.943		813.943
Ending balances as of December 31, 2023	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
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 previous year's result		(6.161.005)												-	6.161.005	-
Allocation of stock grant shares		(466.756)		679.550										212.794		212.794
Dividends distributed																
Purchase of own shares				(26.720)										(26.720)		(26.720)
Stock Grant Plan												2.854.047		2.854.047		2.854.047
Result for the year														-	45.290.902	45.290.902
Other comprehensive income (loss) after tax effect							(207.683)	(144.553)		(7.447)	96.683			(263.000)		(263.000)
Ending 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

Cash flow statement

<i>Data in Euros</i>	Notes	2024	<i>Of which with related parties</i>	2023	<i>Of which with related parties</i>
Cash flow from operating activities					
Operating income		45.290.902	(10.758.601)	(6.161.005)	(10.689.694)
<i>Adjustments for:</i>					
Depreciation of tangible and intangible assets and assets by right of use	6	3.371.826	613.823	3.142.505	595.089
Net financial income/(expense)	7	(2.672.281)	234.937	(3.023.989)	417.401
Provisions for funds and employee benefits	23	273.139		223.479	
Provision for stock plans	22	2.854.047	262.071	394.019	195.135
Income taxes	9	(4.939.422)		(10.717)	
Impairment/(reinstatement of investments)	8	5.280.209	5.280.209	5.325.364	5.325.364
Other non-cash adjustments		(879.215)		(245.532)	
<i>Variations of:</i>					
Inventories	15	(1.021.102)		(341.909)	
Activities arising from contract	16	(1.911.437)		949.946	
Trade receivables	17	342.200	(834.054)	(576.645)	(660.560)
Liabilities arising from contract	16	(88.263)		465.752	
Trade payables	25	1.759.378	(112.654)	1.761.658	355.230
Other assets and liabilities ^(*)	18, 20 26	(2.294.140)	(50.769)	(1.549.047)	60.176
Use of funds and employee benefits	23	(218.997)		(39.172)	
Interest paid	7	(564.976)		(585.921)	
Income taxes paid	9	-		-	
Cash flow generated/absorbed by operations (A)		44.581.867	(5.365.040)	(271.216)	(4.401.860)
Cash flow from investing activities					
Interest collected	7	1.769.562		1.571.002	
Proceeds from the sale of property, plant and equipment		-		-	
Proceeds from the sale of financial assets	19	25.671.136		17.709.567	
Purchase of property, plant and equipment	11	(2.077.079)		(5.234.275)	
Purchase of intangible assets	12	(163.000)		(183.170)	
Purchase of other financial assets	19	(47.292.167)		(13.258.430)	
Cash flow generated/absorbed by investing activities (B)		(22.091.548)	-	604.693	-
Cash flows from financing activities					
Proceeds from the issuance of shares	22	-		-	
Receipts from the assumption of financial liabilities	24	-		-	
Repayment of financial liabilities	24	(7.410.666)	(4.650.000)	(6.218.483)	(5.400.000)
Payment of lease liabilities	13	(715.491)	(553.518)	(698.193)	(553.518)
Dividends paid		-		-	
Purchase of own shares	22	(26.720)		(2.378.879)	
Cash flow generated/absorbed by financing activities (C)		(8.152.877)	(5.203.518)	(9.295.555)	(5.953.518)
Total cash flow (A + B + C +D)		14.337.442	(10.568.558)	(8.962.077)	(10.355.378)
Beginning cash and cash equivalents	21	14.976.243		23.938.320	
Change in cash and cash equivalents for the year		14.337.442		(8.962.077)	
Closing cash and cash equivalents	21	29.313.685		14.976.243	

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

Notes to the financial statements as of December 31, 2024

Preparation criteria

1. Foreword

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

Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002 (the "EU Regulation") prescribed the obligation, as of fiscal year 2005, for all companies with securities admitted to trading on a regulated market to prepare their financial statements in accordance with IAS/IFRS. In Italy, the matter was regulated by Legislative Decree No. 38 of Feb. 28, 2005, which provided companies excluded from the obligation under the EU Regulation the option to prepare their financial statements in accordance with IAS/IFRS starting with the fiscal year ended Dec. 31, 2005.

2. Entity that prepares annual 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 is mainly active in the field of integrated biotechnology and in particular in the development of advanced biopharmaceutical products for the treatment of diseases characterized by or associated with angiogenesis, mainly based on antibody conjugates, capable of achieving selective accumulation at the sites where the pathology is present. Philogen holds a controlling interest in Philochem AG of 99.998%, of the share capital of the subsidiary, based in Zurich, Switzerland, which is engaged in pharmaceutical research and discovery of therapeutic antibodies and self-assembling chemical libraries, encoded through DNA fragments.

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

3. Drafting criteria

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

These financial statements were approved and authorized for publication by the Board of Directors of the Company on March 27, 2025.

Details regarding the accounting principles adopted are specified in Note No. 34.

Functional and presentation coin

These financial statements are expressed 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 differences found in some tables are due to the rounding of amounts expressed in thousands of Euros.

Use of estimates and evaluations

As part of the preparation of the annual financial statements, management had to make estimates and judgments that affect the application of accounting principles and the amounts of assets, liabilities, expenses, 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 represented 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 summarizes the items in the financial statements that require more subjectivity on the part of the directors in developing estimates than others and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial statements.

— Assessments

Decisions made by management that have the most significant effects on the amounts recognized in the financial statements are provided in the notes below:

- Note No. 5 and 35 - accounting for revenues from contracts with customers: analysis of contracts with customers, with particular reference to the recognition at a particular point in time or over time of revenues from licensing and research and development activities on behalf of third parties and the identification of individual *performance obligations*.

— Assumptions of uncertainties in estimates

For the year ended December 31, 2024, information on assumptions and uncertainties in estimates having a significant risk of causing material changes to the carrying value of assets and liabilities in the financial statements of the next period is provided in the following notes:

- Notes No. 5 and 35 - revenue accounting: assumptions in determining the total cost of *performance obligation* in relation to customer contracts accounted for over time;
- Note No. 35 - valuation of financial instruments: main assumptions underlying the calculation of *fair value*;
- Note No. 35 - definition of the discount rate: main assumptions on the calculation of the *Incremental Borrowing Rate (IBR)*, where the implicit interest rate is not present.
- Notes No. 9 and 35 - recognition of deferred tax assets: availability of future taxable profits against which deductible temporary differences and tax loss carryforwards can be used.
- Notes No. 13 and 14 - impairment test of non-current assets and equity investments: main assumptions for determining recoverable values;

4. Industry disclosure

For the purposes of IFRS 8, Management has identified a single operating segment, "Biotechnology," within which all the activities carried out by the Company and its subsidiary are brought together.

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

Details of revenues from contracts with customers by type of product and service, by geographic area, and information regarding the degree of the Company's dependence on its major customers are given in Note No. 5.

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

Profit and loss account

5. Revenues and income

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Revenues from contracts with customers	74.749	23.738
Other income	3.660	1.950
Total revenue and income	78.409	25.687

Revenues from contracts with customers

Revenues from contracts with customers mainly refer to *upfront payments*, *milestones* and/or *maintenance* fees, research and development services as well as revenues from third-party production that the Company performs under existing contracts. In the year ended December 31, 2024, revenues from contracts with customers amounted to 74,749 thousand euros, an increase of 51,011 thousand euros from the previous period. The change is attributable to new third-party contracts entered into in 2024 and the advancement of previous contracts.

Recall that *partnerships* on Nidlegly™ continue with Sun Pharma in Europe, Australia and New Zealand (marketing, licensing and supply agreement) and with *Merck Sharp & Dohme* (clinical collaboration in the United States). *Partnerships* on Dekavil (Pfizer) and small molecule organics (Bracco) also continue. In addition, on October 1, 2024, Philogen announced that it had entered into an agreement with Sun Pharma for the commercialization, licensing, and supply of Fibromun globally for the treatment of cancer.

Further details of revenues from contracts with customers are provided below.

Detail by type of consideration

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Revenues from <i>up-front</i> , from <i>milestones</i>	70.265	20.511
Revenues from research and development services	4.484	3.227
Total revenue from contracts with customers	74.749	23.738

Detail by mode of recognition

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Revenue recognized <i>at a point in time</i>	71.020	21.234
Revenues recognized <i>over time</i>	3.729	2.504
Total revenue from contracts with customers	74.749	23.738

Detail by geographic area

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
USA	47	511
European Union	72.941	21.515
Extra EU (Switzerland)	1.761	1.712
Total revenue from contracts with customers	74.749	23.738

Detail by product or service type

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Product 1	47	511
Product 2	70.218	20.000
Other research and development services	4.484	3.227
Total revenue from contracts with customers	74.749	23.738

The following is a breakdown of the customers that generate revenue for the Company in excess of 10% of total revenue from contracts with customers, as required by IFRS 8:

<i>Figures in thousands of Euros</i>	Year ended December 31			
	2024	%	2023	%
Customer 1	70.218	94%	20.000	84%
Customer 2	-	-	-	-
Client 3	-	-	-	-
Customer 4	-	-	-	-
Customer 5	-	-	-	-
Other customers < 10%.	4.531	6%	3.738	16%
Total revenue from contracts with customers	74.749	100%	23.738	100%

Other income

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Operating grants	3.199	1.495
Equipment grant	389	390
Miscellaneous income	72	65
Total other income	3.660	1.950

Other income mainly relates to grants for tax breaks provided by law and to a small extent to research grants for projects co-financed by the European Community, the Region of Tuscany and Eurostar projects. This item mainly includes the recognition of certain credits from which the Group benefits on an ongoing basis by virtue of the research and development activities it carries out statutorily

The subsidy for equipment corresponds to the portion of the subsidy related to the year 2024 calculated according to the depreciation rate for the period of the assets that have been subject to the 'industry 4.0 facilitation provided by Law 160/2019 (so-called Budget Law 2020) and Law 178/2020 (so-called Budget Law 2021). In fact, it should be recalled that investments were made for the equipment and interconnection of the new GMP facility at the Rosia (Siena) site, which led to a total industry 4.0 credit of 2,586 euros

6. Operating costs

Details of operating costs as of December 31, 2024 and December 31, 2023 are shown below:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Purchases of raw materials and consumables	2.125	2.378
Costs for services	18.398	15.281
Lease and rental costs	295	174
Personnel costs	10.849	8.229
Depreciation	3.372	3.143
Other operating costs	412	353
Total operating costs	35.450	29.558

Cost of purchasing raw materials and consumables

Costs for the purchase of raw materials and consumables, amounting to 2,125 thousand euros in the year ended December 31, 2024 (2,378 thousand euros in the previous year), are mainly attributable to the cost of materials used in operations, the change in which is related to drug production activities for clinical trials, GMP productions of antibodies on behalf of third parties, and "pilot" productions in accordance with GMP standards at the new site in Rosia (Siena).

Costs for services

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

Figures in thousands of euros

	Year ended December 31	
	2024	2023
Costs related to Clinical Centers and CROs	7.739	5.210
Intercompany performance	3.204	3.272
Utilities and overhead	1.365	1.389
Outsourcing services for research and development activities	1.576	1.930
Compensation of corporate bodies (net of contributions)	1.338	904
Corporate and consulting expenses	612	754
<i>Management by objectives (MBO)</i>	590	153
<i>Severance pay (TFM)</i>	69	42
Social contributions on corporate body compensation	94	78
Other costs for services	1.811	1.549
Total costs for services	18.398	15.281

Costs for services are mainly composed of costs related to the Company's operating activities, namely costs incurred for clinical trials and costs related to services to outsourced research and development activities.

The most significant changes are:

- (i) The change in costs related to clinical centers and CROs shows an increase of 2,529 thousand Euro. The change is attributable to higher costs incurred in the year ended December 31, 2024 compared to the previous period due to the progress of ongoing *trials*;
- (ii) The decrease of 354 thousand euros in costs related to outsourcing services for research and development activities can be attributed to a lower use of external services for services related to core activities
- (vi) The increase in compensation of corporate bodies amounted to 434 thousand euros compared to the year ended and is due to the increase in the compensation approved in May 2024 for the new proxies granted. The percentage for calculating the short-term incentive was also increased.
- (iii) The change in other service costs in increase of 262 thousand Euro is mainly related to patent expenses, increase in employee travel expenses due to an increase in both employees themselves and travel related to an acceleration of clinical trials.

and rental costs

Lease and rental costs amounted to 295 thousand euros in the year ended December 31, 2024, an increase from the previous year of 120 thousand euros. This item includes rental charges, exclusively with reference to leases of less than twelve months' duration and those of small amounts (excluded from the scope of IFRS 16) and variable fees related to ancillary expenses quantified in the final balance, which are also not included in the calculation of the financial liability and the related right of use under IFRS 16. Specifically, in view of the increase in the number of staff in the reporting year, there was an increase in lease and rental costs attributable to higher costs incurred for new business license/software contracts with a duration of less than one year.

Personnel costs

The breakdown of personnel cost for the years ended December 31, 2024 and December 31, 2023 is shown below:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Wages and Salaries	6.086	5.923
Social charges	1.745	1.633
Provision for severance pay	540	474
Personnel cost for incentive plans	2.478	199
Total personnel costs	10.849	8.229

The increase in personnel costs, amounting to 2,620 thousand euros, is mainly attributable to the increase 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,	December 31, 2023	Change
Average number of employees	138	122	16

For the exact number of employees as of December 31, 2024 and December 31, 2023, please refer to paragraph 15 of the management report.

More details about the incentive plan can be found in Section 4.2 of the Management Report and Note 29 to the Annual Report.

Depreciation

The breakdown of "Depreciation and amortization" as of December 31, 2024 and 2023 is shown below:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Amortization of intangible assets	354	231
Depreciation Property, plant and equipment	2.246	2.160
Depreciation of assets by right of use	772	751
Total depreciation	3.372	3.143

The increase in depreciation is mainly attributable to the item "Depreciation of property, plant and equipment" amounting to 2,246 thousand euros in the year ended December 31, 2024.

Other operating costs

The breakdown of "Other operating expenses" for the years ended December 31, 2024 and 2023 is shown below:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
and	94	104
Entertainment expenses	59	36
Membership contributions	17	29
Company vehicle costs	19	20
Miscellaneous operating costs	223	164
Total other operating costs	412	353

Other operating expenses are mainly attributable to out-of-period expenses and miscellaneous operating expenses and are variant increases of 59 thousand euros compared to the previous year.

7. Financial income and expenses

Financial income and expenses are composed as follows:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Financial income		
Capital gains from the realization of financial assets (*)	1.373	1.179
Capital gains from the valuation of financial assets at <i>fair value</i>	1.481	2.231
Interest income	396	392
<i>Intercompany</i> interest income	-	-
Gains on foreign exchange	771	592
Financial income	4.022	4.394
Financial charges		
Losses on valuation of financial assets at <i>fair value</i>	(112)	(47)
Capital losses on realization of financial assets	(180)	(21)
Interest expense on leasing	(191)	(206)
Interest expense on bank loans	(144)	(139)
<i>Interest cost</i> for employee benefits	(36)	(54)
<i>Intercompany</i> interest expense	(50)	(221)
Losses on foreign exchange	(637)	(683)
Financial charges	(1.350)	(1.370)
Total financial income (expense)	2.672	3.024

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

Net financial management for the year ended December 31, 2024 shows a net positive result of 2,672 thousand euros (3,024 thousand euros for the year ended December 31, 2023), the composition of which is detailed in the above chart.

As can be seen from the above detail, the main change from the previous year can be attributed to net gains from *fair value* measurement of financial assets due to a more favorable macroeconomic environment reflected in more stable financial markets than in the previous year.

More details on the composition of the securities portfolio can be found in Note No. 19 to the annual financial statements.

8. Income from equity investments

This item consists of:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Positive (negative) differences from Equity Method valuations in subsidiaries	(5.280)	(5.325)
Dividends from equity investments	-	-
Total income from investments	(5.280)	(5.325)

9. Taxes

The Company has allocated taxes based on the application of current tax regulations.

Current taxes refer to taxes for the year as resulting from the estimate made during the preparation of the financial statements, whereas current regulations require tax returns to be filed in the second half of the following year, resulting in possible updates to the calculation that could lead to differences that are transposed in the following year.

Deferred taxes refer exclusively to the reversal of the tax effects recognized upon transition to IAS/IFRS. For changes in the period, please refer to the relevant detailed tables provided below. In addition, for the first time in the year 2024, deferred taxes on past losses were recognized based on their reasonable recoverability in future years. ADD CURRENT TAXES

Below is a table detailing income taxes recorded as of December 31, 2024 and 2023:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Current taxes	(3.428)	-
Deferred taxes	8.367	11
Total	4.939	11

Reconciliation of effective tax rate

The reconciliation between the tax burden from the financial statements for the year and the theoretical tax burden determined based on the IRES rate applicable to the Company for the years ended December 31, 2024 and 2023, respectively, is presented below:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023
Earnings before taxes	40.351	(6.172)
Theoretical tax rate	24%	-24%
Theoretical IRES tax burden/benefit (A)	9.684	1.481

Adjustments for:

Tax effect on revenue for research and credit	(768)	274
Tax effect on revenue for industry 4.0 credit	(93)	90
Tax effect on revenue for Technological Innovation Credit.	-	84
Tax effect on unrecognized tax losses	(7.232)	(408)
Tax effect for patent box relief	(1.428)	-

Tax effect on other changes in increase (decrease)	132	(232)
Tax effect on investment income/expenses	1.267	(1.278)
Total adjustments (B)	(8.122)	(1.470)
Total actual income taxes (A+B)	1.563	11
Effective tax rate	3,9%	(0,2) %

More details on the tax credits from which the Company benefits can be found in Note No. 18 to the annual financial statements.

Changes in deferred taxes during the year

The following provides details and changes in deferred tax assets and liabilities from January 1 to December 31, 2023 and January 1 to December 31, 2024, the balances of which originate exclusively from the transition entries to IAS/IFRS:

<i>Figures in thousands of</i>	Book value as of January 1, 2023	Use	Acc.to	Book value as of December 31, 2023
Deferred tax assets				
Liabilities from contracts with customers			-	-
Intangible assets			-	-
Activities by right of use ^(*)	1.834	(162)	-	1.672
IAS 19 reserve - (recognized in comprehensive income)	5	-	1	6
IFRS 9 reserve - (recognized in comprehensive income)	33	(2)	34	66
Cash-flow hedge reserve (recognized in comprehensive income)	60	(25)	17	51
Total Deferred Tax Assets	1.932	(189)	52	1.795
Deferred tax liabilities				
Other financial assets	6	-	-	6
Activities by right of use ^(*)	1.834	(162)	-	1.672
IFRS 9 reserve - (recognized in comprehensive income)	6	-	59	65
Intangible assets	123	(11)	-	112
Cash-flow hedge reserve (recognized in comprehensive income)	-	-	9	9
Total Deferred Tax Liabilities	1.969	(173)	68	1.864

^(*) The values as of January 1, 2023 and December 31, 2023 for Deferred income on lease liabilities, Deferred expense on right-of-use assets, and Deferred income for other temporary differences have been restated following the adoption of the Amendment to IAS 12 that became effective on January 1, 2023.

<i>Figures in thousands of</i>	Book value as of January 1, 2024	Use	Acc.to	Book value as of December 31, 2024
Deferred tax assets				
Activities by right of use ^(*)	1.672	(163)	-	1.508
Deferred taxes on prior 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
Activities by 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

Uncertainties regarding the accounting treatment to be applied to taxes

It should be noted that as of December 31, 2024, there are no outstanding disputes with tax authorities that could generate uncertainties regarding the treatment of income taxes.

10. Earnings/ (loss) per share

Basic loss per share was calculated by considering the loss attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding during the year ending 2024 and 2023.

The diluted loss per share was calculated by considering the loss attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding during the year to account for the effects of all potential dilutive ordinary shares.

The income and share information used for the purpose of calculating basic and diluted earnings per share are shown below:

Basic and diluted earnings (loss) per share	Year ended December 31	
	2024	2023
Profit (Loss) for the year - in Euros (A)	45.290.901	(6.161.005)
Weighted average number of ordinary shares outstanding (B)	40.293.635	40.247.451
Weighted average number of potential dilutive common shares outstanding (C)	-	-
Weighted average number of outstanding share options granted (D)	-	-
Weighted average shares outstanding adjusted for dilution effects (E=B+C+D)	40.293.635	40.247.451
Basic earnings (loss) per share - in Euros (A/B*1000)	1,12	(0,15)
Diluted earnings (loss) per share - in Euros (A/C*1000)	1,12	(0,15)

(A) Profit (Loss) for the year.

(B) Weighted average number of ordinary shares outstanding.

(D) The weighted average number of outstanding weighted average number of vested share options potentially amounting to 139,000 thousand *Units* as of December 31, 2024 and 133,000 thousand *Units* as of December 31, 2023 was taken to be 0 for the purpose of the calculation because, in accordance with IAS 33, as of the end of the period these instruments did not have the necessary characteristics to be issued. For further information, please refer to Note 29 of the annual financial statements.

Activities

11. Property, plant and equipment

Changes in property, plant and equipment from January 1, 2023 to December 31, 2024 are shown below:

<i>Figures in thousands of Euros</i>							
	Plant and machinery	Industrial and commercial equipment	Leasehold improvements	Other tangible imm.ni	Imm.ni in progress and advances	Buildings and land	Total
Historical cost	7.453	9.673	181	840	25	-	18.140
Sinking Fund	(1.912)	(4.307)	(42)	(476)	-	-	(6.705)
Net book value as of January 1, 2023	5.541	5.366	139	364	25	-	11.435
Increases	302	666	95	18	1.639	2.514	5.234
(Decreases)	-	-	-	(30)	-	-	(30)
Reclassifications	-	-	-	-	-	-	-
Depreciation	(1.016)	(1.028)	(23)	(94)	-	-	(2.161)
Historical cost	7.729	10.339	275	797	1.664	2.514	23.319
Sinking Fund	(2.902)	(5.335)	(65)	(538)	-	-	(8.841)
Net book value as of December 31, 2023	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)
							110

Depreciation	(1.024)	(1.118)	(103)	(104)			(2.349)
Historical cost	8.025	10.875	2.609	902	481	2.514	25.406
Sinking Fund	(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

Plant and machinery shows an increase of 233 thousand euros and refers mainly to the equipping of laboratories and production sites instrumental to operations.

Industrial and commercial equipment shows an increase of 552 thousand euros and mainly includes the purchase cost incurred to equip the production unit in Rosia (Siena).

Leasehold improvements show an increase of Euro 2,334 thousand and mainly refer to the completion of the construction of the new office building at the Rosia (Siena) site, completed in July 2024, within the area currently leased by Rendo S.r.l. to Philogen S.p.A. under the lease agreement signed in May 2019, previously classified in the category Buildings in progress. From an accounting point of view, these leasehold improvements are depreciated over the entire lease term of the asset to which they refer. In this specific case, the useful life has been estimated considering a tacit renewal of the lease agreement relating to the Rosia site currently in place, in accordance with the provisions of International Financial Reporting Standard IFRS 16, and therefore the depreciation process will be completed in fiscal year 2034. Please refer to the section on accounting standards for specific aspects on IAS 16 and IFRS16.

Other tangible assets mainly refer to company cars and furniture and furnishings. Company cars are partly granted for mixed use to employees, partly assigned to some members of the Board of Directors, and partly at the disposal of company personnel.

Ongoing installations refer to the construction of a parking lot for private-business use with photovoltaic panel roofing at the Rosia site.

For more details, see Note No. 32 on related party transactions.

Buildings and land, on the other hand, refer to the new building adjacent to its Philogen plant located in Montarioso (Siena) purchased in August 2023.

12. Intangible assets

Changes in intangible assets from January 1, 2023 to December 31, 2024 are shown below:

<i>Figures in thousands of Euros</i>	Patent rights and rights to use intellectual works	Concessions, licenses, trademarks and similar rights	Imm.ni in progress and advances	Total
Historical cost	1.907	456	8	2.653
Sinking Fund	(1.212)	(215)	-	(1.709)
Book value as of January 1, 2023	695	241	8	944
Increases	109	74	-	184
(Decreases)	-	-	-	-
Reclassification	-	8	(8)	-
Depreciation	(137)	(94)	-	(231)
Historical cost	1.961	538	-	2.499
Sinking Fund	(1.294)	(309)	-	(1.603)
Book value as of December 31, 2023	667	229	-	896
Increases	139	24	-	163
(Decreases)	(10)	-	-	(10)
Reclassifications	-	-	-	-
Depreciation	(164)	(97)	-	(261)
Historical cost	643	562	-	2.663
Sinking Fund	(1.458)	(406)	-	(1.864)
Book value as of December 31, 2024	815	156	-	799

As of December 31, 2024, the Company holds over 40 international patent families and over 100 valid national patents. The increases recognized in the year ended December 31, 2024, amounting to 163 thousand euros, relate to expenses incurred for filing new patent applications, their nationalizations, and patent grants in specific countries of the World

Concessions, licenses and trademarks mainly include the cost of corporate software licenses. The increases recognized in the year ended December 31, 2024, amounted to 24 thousand euros,

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

13. Right-of-use assets and lease liabilities

The main asset information related to the leases held by the Company, which acts solely as a lessee, is shown in the following tables:

<i>Figures in thousands of Euros</i>	Real Estate	Cars	IT Services	Total
Historical cost	8.523	118	280	8.921
Sinking Fund	(1.965)	(72)	(134)	(2.171)
Net book value as of January 1, 2023	6.558	46	146	6.750
Increases	746	85	48	879
(Decreases)	-	-	-	-
Depreciation	(634)	(24)	(93)	(751)
Historical cost	9.269	203	328	9.800
Sinking Fund	(2.599)	(96)	(227)	(2.921)
Net book value as of December 31, 2023	6.670	107	102	6.878
Increases	40	-	-	40
(Decreases)	-	-	-	-
Depreciation	(653)	(34)	(85)	(772)
Historical cost	9.309	-	328	9.754
Sinking Fund	(3.252)	(44)	(312)	(3.608)
Net book value as of December 31, 2024	6.057			6.147

Assets by right of use as of December 31, 2024 are mainly attributable to rents for properties used by the Company for operations. Specifically, during 2019, a project for the functional and structural reorganization of the Group was implemented through which the real estate branch was to be separated from the operating branch of the Companies. At the same time, lease agreements were entered into, which resulted in the recognition of assets for rights of use and related financial liabilities in accordance with IFRS 16. The increases recognized during fiscal year 2024, amounting to 746 thousand euros, relate to Istat rent adjustments, contractually stipulated which were affected by the high rate of inflation during the period.

Changes in financial lease liabilities from January 1 to December 31, 2023 and from January 1 to December 31, 2024 are provided below:

<i>Figures in thousands of Euros</i>	
Lease liabilities as of January 1, 2023	7.081
Increases	879
Decreases	-
Capital repayments	(698)
Lease liabilities as of December 31, 2023	7.261
Increases	40
Decreases	-
Capital repayments	(715)
Lease liabilities as of December 31, 2024	6.586
Of which current	
Of which non-current	5.

The following table shows the reconciliation of cash outflows with respect to leases for the years ending 2024 and 2023:

<i>Figures in thousands of Euros</i>	Year ended December 31	
	2024	2023

Real estate capital share		572
Interest expense for leasing (real estate)		199
Automobile capital share		47
Interest expense for leasing (cars)	2	2
Capital share IT services		79
Interest expense for leasing (IT services)		5
Total cash outflows for leasing		904

It should be noted that the Company, for the purpose of determining lease liabilities and related right-of-use assets, has applied a discount rate of 2.73% for leases related to leased buildings, cars and IT services.

As of December 31, 2023, the Company has not identified any indicators of impairment with respect to right-of-use assets.

Impairment test

We report that, as of December 31, 2023, there was no evidence that led the Directors to believe that the reasons that led to the recognition of the property, plant and equipment, intangible assets, and right-of-use assets had been disallowed; there were also no additional indicators of impairment that led the Directors to believe that there might be an impairment of the property, plant and equipment intangible assets, and right-of-use assets; consequently, it was not necessary to conduct impairment tests on the value recorded in the financial statements.

14. Participations

The following is the main information derived from the statutory financial statements of Philochem, the only subsidiary of Philogen:

Society	Registered office	Shareholding held directly or indirectly (*)	Share capital as of December 31, 2024	Equity as of December 31, 2024 (**)	Operating income 2024 (**)
Philochem AG	Switzerland	99,998% (**)	CHF 5,051,000	CHF 2,539,224	CHF (5,029,973)

(*) Philogen's ownership interest in Philochem corresponds to the percentage of voting rights.

(**) Duccio Neri and Dario Neri each hold 1 share in Philochem.

(***) IFRS Reporting Package data (the subsidiary's financial statements used for consolidation purposes were subject to *Limited Statutory Review* by the Independent Auditors in February 2025 and will be approved by the Company's shareholders' meeting by June 2025).

Society	Registered office	Shareholding held directly or indirectly (*)	Share capital as of December 31, 2024	Equity as of December 31, 2024 (**)	Operating income 2024 (**)
Philochem AG	Switzerland	99,998% (**)	EURO 3,501,020	EURO 8,192,885	EURO 5,385,987

The item Equity investments is composed as follows:

<i>Figures in thousands of Euros</i>	December 31, 2024	December 31, 2023
Participations	841	5.738
Total holdings	1.553	5.738

Changes in the value of the investment from January 1 to December 31, 2024 and from January 1 to December 31, 2023 are shown below:

<i>Figures in thousands of Euros</i>	January 1, 2023	FV stock grant 2023	Result 2023	Translation reserve	Decreases	Dividends	December 31, 2023
Participation	10.467	195	(5.325)	402	-	-	5.738
Total Investments	10.467	195	(5.325)	402	-	-	5.738

<i>Figures in thousands of Euros</i>	January 1, 2024	FV stock grant 2024	Result 2024	Translation reserve	Decreases	Dividends	December 31, 2024
Participation	5.738	591	(5.280)	(208)	-	-	841
Total Investments	5.738	591	(5.280)	(206)	-	-	841

15. Inventories

Details of inventories are as follows:

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Raw materials and consumables	3.149	2.128
Total inventories	3.149	2.128

Stocks of raw materials and consumables accommodate inventories valued at the lower of purchase cost and market value

As of December 31, 2024, inventories, amounting to 3,149 thousand euros, showed an increase compared to the year ended December 31, 2023 mainly due to the increased procurement of consumables functional to the Company's operations.

16. Contract assets and liabilities

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

Assets arising from contracts are entered as assets net of related liabilities if, based on an analysis conducted on a contract-by-contract basis, the gross value of the assets performed on the date is greater than the advances received from customers. Conversely, if the advances received from customers are found to be greater than the related assets from contracts, the excess is entered as liabilities.

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

Contracts with positive net balance

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Advances received from customers	(1.350)	(2.679)
Activities arising from contract	4.611	4.029
Contract activities with clients	3.261	1.350

Contracts with negative net balance

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Advances received from customers	475	2.271
Revenue recognized on advances received	(98)	(1.805)
Liabilities from contract with customers	377	466

Advance payments received from customers mainly refer to *up-front fees* collected against *performance obligations* to be fulfilled by the Company in the future, which are recognized *over time* based on the progress of the related contract costs (revenue recognized on advance payments).

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

Customer contract liabilities are classified as current liabilities because the Company expects to complete *performance obligations* over the next 12 months.

17. Trade receivables

The item "Trade receivables" consists of the following:

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Accounts receivable from customers	760	1.281
Intercompany Receivables	835	656
Total trade receivables	1.595	1.937

As of December 31, 2024, trade receivables from customers amounted to 1,595 thousand euros, of which 835 euros related to intercompany relations. The parent company performs corporate services for the Swiss subsidiary.

Overdue credit positions are monitored by administrative management through periodic analyses of major positions. The estimate of the expected loss under IFRS 9 ("*Expected Credit Loss*") is not significant due to the type of the Company's customers, the expected contractual terms, and the timing of collection of receivables. It should be noted that, in accordance with the international accounting standard IFRS 15, the invoicing of assets does not necessarily coincide with the revenue, if the consideration is recognized over time and amounts to 25,969 euros

Breakdown of receivables recorded in current assets by geographic area

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

<i>Figures in thousands of Euros</i>	area	
	December 31 2024	December 31 2023
Italy	330	198
European Union	24	470
Extra European Union (USA)	56	552
Extra European Union (other)	1.185	718
Total trade receivables	1.595	1.937

18. Tax receivables and payables

The item "Tax receivables" is composed as follows:

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
VAT Credits	2.272	3.013
Other tax receivables	3.023	96
Miscellaneous tax credits	4.911	4.993
Total tax credits	10.206	8.101

The item "VAT Receivables" is 2,272 Euros shows a decrease compared to the previous year because the year 2023 was also influenced by the vat arising from the real estate investments that the company was making. It should be noted that the Company makes purchases mainly in Italy and sales mainly abroad, such that credit vat cannot be offset against debit vat but is mainly used to offset other debts.

"Other tax receivables" mainly include receivables for withholding taxes incurred on interest income and financial income but mainly ires credit for foreign withholding on licensing fee concessions.

"Miscellaneous tax credits," as of December 31, 2024 includes the portions of tax credits from which the Company benefits, which can be offset within the year 2024. The portion of these credits beyond the fiscal year is reclassified to non-current assets under "Other non-current assets"

The following is a breakdown of available credits as of December 31, 2024

- Research and development tax credit year 2023 in the amount of 1,160 thousand euros, the offsetting of which will be in three equal annual installments, in compliance with the relevant regulations (Art.1 paragraph 200 Law 160 of December 27, 2019 and subsequently amended by Art.1 paragraph 1064 Law 178 of December 30, 2020);

- Research and development tax credit year 2022 in the amount of 1,208 thousand euros related to the remaining portion to be offset, in compliance with the relevant regulations (art.1 paragraph 200 Law 160 of December 27, 2019 and subsequently amended by art.1 paragraph 1064 Law 178 of December 30, 2020);
- Research and development tax credit year 2024 in the amount of 3218 thousand euros, the offsetting of which will be in three equal annual installments, in compliance with the relevant regulations (Art.1 paragraph 200 Law 160 of December 27, 2019 and subsequently amended by Art.1 paragraph 1064 Law 178 of December 30, 2020);
- Technological innovation tax credit year 2023 in the amount of 331 thousand euros, the offsetting of which will be in three equal annual installments, in compliance with the relevant regulations (Art.1 paragraph 200 Law 160 of December 27, 2019 and subsequently amended by Art.1 paragraph 1064 Law 178 of December 30, 2020);
- Technological innovation tax credit year 2022 in the amount of 174 thousand euros related to the remaining part to be offset, in compliance with the relevant regulations (art.1 paragraph 200 Law 160 of December 27, 2019 and subsequently amended by art.1 paragraph 1064 Law 178 of December 30, 2020);
- industry 4.0 credit, related to generic assets that came into operation in the fiscal year ending December 31, 2020 (Art.1 paragraphs 184 to 194 of Law 160/2019), in the amount of 9 thousand euros (offsetting is in five annual installments from fiscal year 2021);
- industry 4.0 credit, related to the interconnection of the new GMP production plant at the Rosia (Siena) site, for euro 445 thousand (total credit euro 2,586 thousand) for the remaining part to be offset in compliance with the relevant regulations (Art.1 paragraphs 184 to 194 of Law 160/2019 and Art.1 paragraphs 1051 to 1063 of Law 178/2020);

As of December 31, 2024, the portion of the above tax credits that can be offset by December 31, 2025 is euro 4,911 thousand, while the non-current portion that can be offset starting from fiscal year 2026 is euro 1,626 thousand.

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Tax receivables non-current portion	1.626	2.789
Other non-current assets	1.626	2.789

It should be noted that as of December 31, 2024, the item tax receivables non-current portion, includes the portion of the research and development credit for drugs that will be usable for offsetting from 2026 onward.

For more information regarding the utilization rates of these credits, see Note 28.

"Tax liabilities" is composed as follows:

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Current income tax liabilities	1.865	-
Amounts owed to the tax authorities for withholding taxes	271	239
Other tax liabilities	-	-
Total tax liabilities	2.135	239

The Group has quantified a tax liability for current taxes of euro 3,428 thousand for the year 2024, of which euro 1,563 thousand for ires purposes and euro 1,865 thousand for irap purposes. The tax liability for ires purposes has been offset against the foreign withholding tax of reference. Therefore, the irap debt remains, which is shown in the table under current income tax payables

Amounts owed to the tax authorities for withholdings incurred are essentially unchanged from the previous year.

19. Other current financial assets

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

<i>Figures in thousands of Euros</i>	Other current financial assets
Book values as of January 1, 2023	61.764
Increases	13.258
(Decreases)	(17.710)
Gains/losses from <i>fair value</i> adjustment of financial assets	2.291
Accrued income on coupons	
Change in accrued income on coupons	105
Book values as of December 31, 2023	59.709
Increases	47.292
(Decreases)	(25.652)
Gains/losses from <i>fair value</i> adjustment	777
Accrued income on coupons	
Change in accrued income on coupons	1.027
Book value as of December 31, 2024	83.154

The Company invests cash in excess of ordinary requirements 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 related to financial instruments held in the portfolio, consisting of insurance policies, equity instruments, and fund shares, held for contractual cash flow collection and sale and whose contractual terms do not exclusively provide for principal repayments and interest payments on the amount of principal to be repaid (i.e., which do not pass the so-called "SPPI test"), which were compulsorily measured at *fair value* with impact recognized in profit (loss) for the period (FVTPL);
- ii) the balance related to the bond segment of the outstanding portfolio that was measured at *fair value* without impact recognized in the profit (loss) for the period (FVTOCI) (as they pass the so-called "SPPI test").

Details of financial assets broken down by instrument type and accounting method are provided below:

<i>Figures in Euro thousands</i>	December 31 2024	December 31 2023
Other financial assets (FVTPL)		
Actions	322	-
ETF	1.784	2.721
Certificates	5.	6.361
Funds	4.	4.059
Insurance investment products	15.	17.938
Total	28.	31.079
Other financial assets (FVOCI)		
Bond	54.	28.611
Market to Market derived CAP		20
Total	54.	28.630
Total other current financial assets	83.	59.709

The table above shows the change in *asset allocation* at the close of the year 2024.

20. Other current assets

"Other current assets" consists of the following:

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Other current receivables	517	429
Other current assets	380	279
		117

Other current assets	897	708
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Other current receivables refer mainly to advances to third-party suppliers and miscellaneous receivables.

Other current assets mainly comprise prepaid expenses related to costs incurred in advance and recorded in the financial statements for the accrued portion.

21. Cash and cash equivalents

A breakdown of the composition of cash and cash equivalents is given below:

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Bank and postal deposits	29.	14.974
Cash and valuables on hand		2
Cash and cash equivalents	29.	14.976

The Company holds current accounts receivable in both Euro and foreign currency (USD).

It should be noted that as of December 31, 2024, the group held an escrow account agreement in the amount of 5,000 thousand euros at the rate of 2.73% maturing in February 2025 (5,000 thousand euros as of December 31, 2023). It should be noted that the term current accounts held as of December 31, 2023 generated interest cash flows of Euro 196 thousand.

Equity and liabilities

22. Net worth

The statement of changes in shareholders' equity as of December 31, 2024 is provided in the statement of financial position section.

As mentioned in the introduction, on March 3, 2021, the Company was listed on the Electronic Stock Market organized and managed by Borsa Italiana S.p.A. More specifically, 4,061,111 shares, corresponding to approximately 10% of the share capital as of the date of the start of trading, were issued at a price of 17 euros each.

A. Share capital and shares

The shares issued by the Company represent the entire share capital of 5,731,226.64 euros, which is composed of 40,611,111 shares. Below are the categories of shares held:

Categories Actions	December 31, 2024
Ordinary shares (listed on the EXM market)	29.242.861
Special shares with multiple voting rights (class B)	11.368.250
Total	40.611.111

The Company has not issued any beneficial shares.

The main features of the types of actions listed above are given below.

Ordinary shares

Ordinary shares are registered, indivisible, freely transferable and confer on their holders equal rights. Specifically, each ordinary share confers the right to one vote at ordinary and extraordinary meetings of the Company as well as other property and administrative rights in accordance with the articles of incorporation and the law.

Multiple voting shares

Multiple Voting Shares give the same rights and obligations as Ordinary Shares and have the following characteristics:

- d) allocate a voting right at the meeting equal to 3 votes;
- e) are automatically converted into Ordinary Shares at the rate of one Ordinary Share for each Multiple Voting Share (without the need for resolutions either by the special meeting of shareholders holding Multiple Voting Shares or by the Company's shareholders' meeting) in the event of a change of control of the Company or a transfer of Multiple Voting Shares to persons who are not already holders of Multiple Voting Shares
- f) may be converted, in whole or in part, even in several *tranches*, into Ordinary Shares at the simple request of the holder thereof, to be sent to the Chairman of the Board of Directors and in copy to the Chairman of the Board of Statutory Auditors, at the rate of one Ordinary Share for each Multiple Voting Share.

B. Nature and purpose of reserves

The following is a breakdown of shareholders' equity with an indication of the nature and purpose of the reserves:

Figures in thousands of Euros	Nature	Possible uses	December 31, 2024	December 31, 2023
Capital			5.731	5.731
Treasury stock reserve (*)			(4.187)	(4.840)
Share premium reserve	Capital	A, B, C	93.128	99.755
Legal reserve	Useful	A, B	892	892
Reserve from FTA	Useful	A, B	(7.421)	(7.421)
Reserve from merger surplus	Capital	A, B	449	449
Actuarial gains/losses reserve	Useful	A, B	(24)	(17)
Cash-flow hedge reserve	Useful	A, B	-	145
Financial instruments valuation reserve	Useful	A, B	95	(1)
Reserve from translation differences	Useful	A, B	1.455	1.663
Share-based payment reserve (***)	Useful	A	3.373	519
Reserve restricted <i>stock Grant</i> 2024-2026 (**)	Useful	A	(124)	(124)
Retained earnings (losses)	Useful	A, B, C	-	-
Profit (loss) for the year			45.291	(6.161)
Net worth			138.657	90.589

(*) The Negative reserve of treasury shares includes the value of shares purchased by the Company in accordance with the purchase program approved by the Board of Directors on November 24, 2021.

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

(***) The Share-based Payment Reserve includes the fair value of shares granted by the 2024-2026 *Stock Grant* Plan, First Cycle. For more details on the *Stock Grant* Plan, see Note 29.

Legend:

- A) By capital increase
- B) For loss coverage
- C) For distribution to members

C. Share-based payment incentive plan

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

To service the said Plan, the Shareholders' Meeting also resolved to increase the share capital free of charge in divisible form, pursuant to Article 2349 of the Italian Civil Code, to be carried out by the deadline of December 31, 2026, for a maximum amount of 123.974 thousand, to be charged in full to share capital, and to set up for the same amount, a special reserve, taking it from the retained earnings reserve, called "Restricted earnings reserve capital increase to service the 2024-2026 *Stock Grant* Plan," which will remain restricted to service 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 Nomination and Remuneration Committee, approved the regulations of the aforementioned Plan and implemented it, identifying the beneficiaries and defining the performance objectives and related targets, of the first granting cycle 2021-2024, awarding a total of 145,000 *Units*.

On Oct. 11, 2022, the Company's Board of Directors, subject to the positive opinion of the Nomination and Remuneration Committee, identified the beneficiaries and defined the performance objectives and related targets, of the second granting cycle 2022-2025, awarding a total of 139,000 *Units*.

On Nov. 7, 2023, the Company's Board of Directors, subject to the positive opinion of the Nomination and Remuneration Committee, identified the beneficiaries and defined the performance objectives and related targets, of the second grant cycle 2023-2026, awarding a total of 616,000 *Units*.

At the Company's Ordinary Shareholders' Meeting held on April 29, 2024, the following incentive plans were approved: the "**Stock Grant Plan 2027-2029**" (reserved for employees and consultants of the Philogen Group) and the "**Director Stock Grant Plan 2024-2026**" (reserved for executive directors of the Philogen Group).

The Board of Directors meeting held on November 7, 2024, with the favorable opinion of the Nomination and Remuneration Committee, approved the regulations and identified the beneficiaries and defined the *performance objectives* and related *targets*. The features of the 2027-2029 *Stock Grant Plan* and the 2024-2026 *Director Stock Grant Plan* are explained in the respective Information Documents available and can be viewed on the Company's website at (<http://www.philogen.com/>)

Also on Nov. 7, 45,141 Philogen shares were awarded to employees who were beneficiaries of the I cycle of stock grants and who had achieved the set targets. The shares awarded were derived from treasury stock held by the Company.

The reserve as of December 31, 2024 represents the accrued cost to date of shares to be granted to beneficiaries related to the second and third grant cycles of the 2024-2026 stock grant plan, the I cycle of the 2027-2029 stock grant plan, and the director stock plan.

Please refer to Note 29 of the annual report for further information.

D. Purchases of own shares

On April 29, 2024, the Ordinary Shareholders' Meeting, after revoking the resolution authorizing the purchase and disposition of treasury shares adopted on April 28, 2023 for the unexecuted part, authorized the Company to purchase, on one or more occasions, treasury shares, empowering 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 specialized intermediaries, specially appointed, to purchase Philogen Sp.A., establishing the related terms and the price per share, in compliance with applicable laws and regulations.

Then, on December 20, 2024, the Board of Directors met and approved the launch of the program to purchase treasury shares (the "Program") with (i) object up to a maximum of 250,000 ordinary shares (ii) within the limits of the provisions of Article 2357 paragraph 3 of the Civil Code, (iii) for a total outlay in any case not exceeding €5,000,000. The Program has a duration until December 29, 2025.

As of Dec. 31, 2024, Philogen S.p.A. held a total of 279,069 ordinary shares (equal to 0.6133 % of the share capital), having previously granted 45,141 ordinary shares in implementation of the 2024-2026 Stock Grant Plan.

23. Employee benefits

This item includes all pension obligations and other benefits for the benefit of employees and executive directors, subsequent to termination of employment or to be disbursed upon the accrual of certain requirements, and consists of provisions for severance pay related to employees and the provision for severance pay related to executive directors of the Company.

Severance pay:

Liabilities for severance pay amounted to 1,142 thousand euros in the year ended December 31, 2024 (1,132 thousand euros as of December 31, 2023). Changes for the year ended December 31, 2024 and December 31, 2023 are shown below:

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Balance at the beginning of the period	1.133	933
Uses	(219)	(39)
Provision for severance pay	194	182
Financial charges	33	53
Actuarial gains/(losses)	1	4
Total benefits	1.142	1.132

Personnel-related provisions represent the estimated obligation, determined on the basis of actuarial techniques, related to the amount payable to employees upon termination of employment.

In application of IAS 19, the valuation of severance pay was carried out using the methodology, as required by the recent provisions on the subject introduced by the National Order of Actuaries jointly with the competent bodies OIC, Assirevi and ABI for Companies with more than 50 employees.

The main assumptions made for the actuarial estimation process are given below:

Economic recruitment	31 2024	December 31 2023
Annual rate of inflation	2,00%	2,00%
Annual discount rate	3,18%	3,08%
Annual rate of increase in severance pay	3,00%	3,00%

Annual frequencies of turnover and severance pay advances	31 2024	December 31 2023
Frequency of advances	2,00%	2,00%
Turnover frequency	10,00%	10,00%

Demographic assumptions	December 31, 2024	December 31, 2023
Death	RG48 mortality tables published by the State General Accounting Office.	RG48 mortality tables published by the State General Accounting Office.
Inability	INPS tables separated by age and sex	INPS tables separated by age and sex
Retirement	100% upon achievement of AGO requirements adjusted to Legislative Decree No. 4/2019	100% upon achievement of AGO requirements adjusted to Legislative Decree No. 4/2019

Severance pay

The Termination Benefit, provided for in the Remuneration Policy approved by the Shareholders' Meeting on April 27, 2024, consists of an annual provision for the Company's executive directors, equal to one-twelfth of their annual compensation net of actuarial adjustments, to be paid upon termination of their office.

Liabilities for severance pay amounted to 152 thousand euros in the year ended December 31, 2024 (70 thousand euros as of December 31, 2023). Changes for the year ended December 31, 2024 and December 31, 2023 are shown below:

<i>Figures in thousands of Euros</i>	31 2024	December 31 2023
Balance at the beginning of the period	70	26
Uses	-	-
Provision for severance pay	79	42
Financial charges	3	1
Actuarial gains/(losses)	0	0
Total benefits	152	70

The actuarial valuation of the Termination Benefit is carried out on the basis of the "accrued benefits" methodology using the "Projected Unit Credit" (PUC) criterion as provided in paragraphs 67-69 of IAS 19.

The main assumptions made for the actuarial estimation process are given below:

Economic recruitment	31 2024	December 31 2023
Annual discount rate	2,69%	3,15%
Annual compensation revaluation rate	-	-

Demographic assumptions	December 31, 2024	December 31, 2023
Death	RG48 mortality tables published by the State General Accounting Office.	RG48 mortality tables published by the State General Accounting Office.
Inability	INPS tables separated by age and sex	INPS tables separated by age and sex
Retirement	100% upon achievement of AGO requirements	100% upon achievement of AGO requirements
Frequency of termination	0,00%	0,00%

24. Current and non-current financial liabilities

The following tables show the changes in FY2023 and FY2024 in current and non-current financial liabilities:

<i>Figures in thousands of Euros</i>	Liabilities financial
Financial liabilities as of January 1, 2023	13.921
Taking out new m/l term loans	-
Financial liability from hedging derivatives (MtM)	(244)
Liabilities for accrued interest on loans	15
Credit cards	(7)
(Repayment of principal)	(818)
(Intercompany loan repayment)	(5.400)
Financial liabilities as of December 31, 2023	7.465
Taking out new m/l term loans	-
Financial liability from hedging derivatives (MtM)	-
Liabilities for accrued interest on loans	(32)
Credit cards	15
(Repayment of principal)	(2.761)
(Intercompany loan repayment)	(4.650)
Financial liabilities as of December 31, 2024	37
Of which current	37
Of which non-current	-

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Current financial liabilities		5.540
Non-current financial liabilities		1.926
Total financial liabilities	37	7.465

25. Trade payables

Trade payables to suppliers amounting to 10,649,000 euros as of December 31, 2024 (8,890,000 euros as of December 31, 2023) are mainly attributable to payables to medical institutions at which the Company conducts clinical *trials*, payables to the subsidiary Philochem AG, and the remainder to other suppliers of services and consumables.

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Accounts payable to third parties	9.	7.524

Intercompany Payables	1.	1.366
Total trade payables	10.	8.890

Breakdown of payables by geographic area

<i>Figures in thousands of Euros</i>	area	
	December 31 2024	December 31 2023
Italy	3.	2.
European Union	3.	2.
Extra European Union (USA)	1.	
Extra European Union (other)	2.	2.
Total trade payables	10.	8.890

26. Other current liabilities and non-current liabilities

The Company's other current liabilities as of December 31, 2024 and December 31, 2023 are detailed below:

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Payables to social security institutions		446
Accrued expenses and deferred income		595
Other debts	1.	960
Other current liabilities	2.	2.001

"Due to social security institutions" expresses the amount of payables to INPS and INAIL for withholdings to be paid and amounted to 490 thousand Euro as of December 31, 2024, the increase is related to the increase in the number of employees in the year ended December 31, 2024.

"Other payables," amounting to 1,448 thousand euros as of December 31, 2024, mainly refer to:

- Payables to employees for outstanding salaries amounting to 811 thousand Euro;
- payables to directors amounting to 551 thousand Euro

"Accrued expenses and deferred income" amounting to Euro 230 thousand are mainly attributable to the deferred income of the grant related to the Industria 4.0 tax credit certified in fiscal year 2022 for a total of Euro 2,586 thousand and specifically to its method of accounting as a grant related to the duration of depreciation of the assets subject to the facility

Below is a breakdown of Other non-current liabilities:

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Deferred income non-current portion	1.107	1.507
Other non-current liabilities	1.107	1.507

More information

27. Commitments

It should be noted that, as of both December 31, 2024 and December 31, 2023, there are no commitments that are not reflected in the statement of financial position.

28. Information pursuant to Article 1, Paragraph 125 of Law No. 124/2017

In relation to the provisions of Article 1, Paragraph 125 of Law 124/2017, regarding the obligation to give evidence in the explanatory notes of any sums of money received during the fiscal year by way of grants, contributions, paid assignments and in any case economic benefits of any kind from public administrations and entities referred to in Paragraph 125 of the same article, the Company certifies that:

Tax credits:

Nature of contribution	Contribution amount
2020 Research & Development Credit	1.015
Amount 2021 offset	232
Amount 2022 offset	447
Amount 2023 offset	336
Research & Development Credit 2021	1.782
Amount 2022 offset	594
Amount 2023 offset	594
Amount 2024 offset	594
Process Innovation Credit 2021	167
Amount 2022 offset	56
Amount 2023 offset	56
Amount 2024 offset	56
Research & Development Credit 2022	1.812
Amount 2023 offset	604
Amount 2024 to be offset	604
Amount 2025 to be offset	604
Process Innovation Credit 2022	260
Amount 2023 offset	87
Amount 2024 to be offset	87
Amount 2025 to be offset	87
Research & Development Credit 2023	1.160
Amount 2024 to be offset	387
Amount 2025 to be offset	387
Amount 2026 to be offset	387
Process Innovation Credit 2023	331
Amount 2024 to be offset	110
Amount 2025 to be offset	110
Amount 2026 to be offset	110
Industry 4.0 general goods credit year 2020	46
Amount 2021 offset	9
Amount 2022 offset	9
Amount 2023 offset	9
Amount 2024 offset	9
Amount 2025 to be offset	9
Industry 4.0 credit 2021	193
Amount 2021 offset	193
Industry 4.0 credit 2022	2.586
Amount 2022 offset	816
Amount 2023 offset	844
Amount 2024 offset	483
Amount 2024 to be offset	361
Amount 2025 to be offset	28
Amount 2026 to be offset	28
Amount 2027 to be offset	28
ACE Credit 2021	180
Amount 2021 offset	180
Energy Credit II quarter 2022	11
Amount 2022 offset	11

Energy credit III quarter 2022	20
Amount 2023 offset	20
Energy credit October-November 2022	25
Amount 2023 offset	25
Energy credit December 2022	10
Amount 2023 offset	10
Credit listing SME	500
Amount 2022 offset	500
Research & Development Credit 2024	3.218
Amount 2024 to be offset	1.073
Amount 2025 to be offset	1.073
Amount 2026 to be offset	1.073
Total credits	13.320
Offset credits	6.776
Receivables to be offset	6.544

29. Share-based payment incentive plan

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

To service the said Plan, the Shareholders' Meeting also resolved to increase the share capital free of charge in divisible form, pursuant to Article 2349 of the Italian Civil Code, to be carried out by the deadline of December 31, 2026, for a maximum amount of 123.974 thousand, to be charged in full to share capital, and to set up for the same amount, a special reserve, taking it from the retained earnings reserve, called "Restricted earnings reserve capital increase to service the 2024-2026 Stock Grant Plan," which will remain restricted to service 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 Remuneration Committee, approved the regulations of the aforementioned Plan and implemented it, identifying the beneficiaries and defining the performance objectives and related *targets*, of the first granting cycle 2021-2024, awarding a total of 121,000 *Units*;
- On Oct. 11, 2022, the Company's Board of Directors, subject to the positive opinion of the Nomination and Remuneration Committee, identified the beneficiaries and defined the performance objectives and related *targets*, of the second granting cycle 2022-2025, awarding a total of 130,000 *Units*;
- On Nov. 7, 2023, the Company's Board of Directors, subject to the positive opinion of the Nomination and Remuneration Committee, identified the beneficiaries and defined the performance objectives and related *targets*, of the third grant cycle 2023-2026, awarding a total of 619,000 *Units*.

Summary of the regulation

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

- The allocation to beneficiaries of a certain number of *Units* (free of charge);
- The setting, at the assignment stage, of *performance* goals;
- A three-year *performance* period;
- The awarding of shares to beneficiaries, subject to the achievement of *performance* targets achieved in the three-year period.

The purpose of the Plan is to grant a maximum of 877,286 *Units* that entitle beneficiaries to receive a maximum of 877,286 shares free of charge, corresponding to approximately 3 percent of the current share capital, with reference to ordinary

shares only. The beneficiaries receive the shares following the allocation decided by the Board of Directors at the end of the performance period for each of the cycles of the Plan.

At the end of each Performance Period, the Board of Directors will evaluate the passing of the gate, if any, and the achievement of the performance goals, and determine the number of shares to be awarded to each beneficiary. Specifically, the Board of Directors, after ascertaining, the passing of the gate, if any, will evaluate the following:

a) Achievement of corporate objectives: for each Plan Cycle, the award of shares is subject to the condition that all or part of the corporate objectives related to the Company's performance and/or stock performance that will be identified by the Board of Directors for each beneficiary are achieved. The Board of Directors, in consultation with the Nominating and Compensation Committee, shall review the achievement of the corporate objectives at the end of the performance period of each Plan Cycle;

b) achievement of individual objectives: in addition to the Company's objectives, the Board of Directors, having consulted with the Nomination and Remuneration Committee, has drawn up individual objectives for the individual Beneficiaries of the Plan on the basis of criteria mainly oriented: (i) to the development of the projects in which the individual Beneficiary is involved; (ii) to the achievement of the results of such projects in accordance with the methods and timeframes set by the Company and/or the Group; (iii) to obtaining authorizations from the relevant authorities in the biotechnology sector for the commercialization of the products developed by the Company and/or the Group; and (iv) to the conclusion of commercial agreements with leading companies in the research and development sector in which the Company operates. The Board of Directors, having consulted with the Nomination and Remuneration Committee, verifies the achievement of individual goals at the end of the performance period of each Plan Cycle.

(c) existence of the employment relationship between the Company or subsidiary and the beneficiary on the date the shares are granted.

Individual performance goals will be measured with reference to the specific three-year span of each Cycle, starting from the relevant award date. The Plan will end on the day coinciding with the award date of the actions related to the third Cycle.

Two additional incentive plans were approved during the year 2024. One for the benefit of the Company's employees called the 2027-2029 stock grant plan and a one-cycle director stock plan for 2024-2026.

The 2027-2029 Stock Grant Plan is aimed at Employees and Consultants who, in the sole and discretionary judgment of the Board of Directors (BoD), having consulted with the Nomination and Remuneration Committee, play a key role thereby actively contributing to the development of the Company. The Plan, like its predecessor, is divided into three cycles (2024, 2025 and 2026) each having a three-year duration that provide. The characteristics are the same as the previous Stock Grant Plan, only the access gate has been eliminated.

Finally, **the 2024-2026 director plan** is for the Company's Executive Directors.

The purpose of the Plan is to grant a maximum of 600,000 Units which entitle the Grantees to receive a maximum of 600,000 Shares free of charge. The Grantees receive the Shares on the Delivery Date at Performance, have achieved the assigned Corporate Performance Goal, and the directorship relationship persists.

In the event that the Board of Directors (BoD) identifies a new Beneficiary, the BoD itself may - at its own discretion - determine the number of Units due to the said new Beneficiary on the basis of a pro-rata temporis criterion, having, in particular, regard to the period during which the new Beneficiary participates in the Plan and taking into account, therefore, that such Beneficiary has not participated in the Plan since the date of its inception.

More information about the Plans is outlined in the information document available and accessible on the Company's website at (<http://www.philogen.com/>).

Evaluation criteria

Consistent with the valuation of the first and second Cycles of the Plan, the valuation of the third Cycle (2023-2026) was carried out reflecting the financial market conditions valid on the grant date (December 01, 2023).

The evaluation was carried out by considering separately the two performance targets, corporate and personal, assigned to each beneficiary. Specifically, the corporate performance component (so-called '*market based*') related to the attainment of the *gate* and *target* of 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 frame considered.

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

For each option, the expected dividend rate, annual probability of exit (representing an average value for previous years) was taken into account.

Specifically, the following data were used in the valuation of *fair values* at the date of assignment:

Second allocation cycle 2022-2025

Number of rights	Date of assignment	Due date	Course on the date of evaluation	Annual volatility	Dividend rate	Exit rate
32.000	November 01, 2022	October 31, 2025	13,820	29%	0%	0%

Third allocation cycle 2023-2026

Number of rights	Date of assignment	Due date	Course on the date of evaluation	Annual volatility	Dividend rate	Exit rate
506.000	December 01, 2023	November 30, 2026	18,250	27,44%	0%	0%

Overall evaluation results

With regard to the second allocation cycle, the *fair value* is Euro 624 thousand as of December 31, 2024 (valuation year), of which Euro 176 thousand related to the Company. The portion pertaining to the year ended December 31, 2024 is Euro 77 thousand relating to Philogen S.p.A.

Relative to the third allocation cycle, the *fair value* is Euro 5,344 thousand related to the Company. The portion pertaining to the year ending December 31, 2024 is Euro 1,794 thousand related to Philogen S.p.A.

It should be noted that during 2024, Cycle I of the 2024-2026 *Stock Grant* Plan was awarded.

Two additional incentive plans were approved during the year 2024. One for the benefit of the Company's employees called the 2027-2029 stock grant plan and a single-cycle director stock plan for 2024-2026.

The purpose of the Employee Plan is to grant a maximum of 600,000 Units entitling Beneficiaries to receive a maximum of 600,000 Shares free of charge. The Grantees receive the Shares on the Grant Date provided that, during the Performance Period, they have achieved their assigned Performance Goals and their employment or consulting relationship continues, and for each Grantee, the Grant Letter indicates (i) the number of Units granted, (ii) the Company's Performance Goal, and (iii) the date from which the Performance Period will commence.

Number of rights	Date of assignment	Due date	Course on the date of evaluation	Annual volatility	Dividend rate	Exit rate
118.000	November 29, 2024	November 30, 2027	19,00		0%	0%

Overall evaluation results

The I cycle of allocation the *fair value* is Euro 787 thousand related to the Company. The portion pertaining to the year ending December 31, 2024 is Euro 22 thousand related to Philogen S.p.A.

Finally, the **2024-2026 director plan** is for the Company's Executive Directors.

Number of rights	Date of assignment	Due date	Course on the date of evaluation	Annual volatility	Dividend rate	Exit rate
600.000	November 8, 2024	December 31, 2026	20,50		0%	0%

The overall results of the evaluation

The total *fair value* is 8,610 thousand euros as of December 31, 2024 (valuation year).

The portion pertaining to the year ending December 31, 2024 is 582 thousand euros.

30. Disclosure of financial risks

Within the scope of business risks, the main risks identified, monitored and, to the extent 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 book value of financial assets and contract assets represents the Company's maximum exposure to credit risk.

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

However, management also considers variables typical of the Company's customer portfolio, including the insolvency risk of the industry and country in which the customers operate. Assets under contract have as their counterparts primary pharmaceutical and multinational companies characterized by a low risk profile.

- Liquidity risk

This is the risk that the Company will have difficulty meeting obligations associated with financial liabilities settled in cash or through another financial asset. The Company's approach to liquidity management is to ensure that there are always, as far as possible, sufficient funds to meet its obligations as they fall due, whether under normal or strained financial conditions, without incurring excessive charges or risking damage to its reputation.

The Company ensures that there are cash on demand 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 and other receivables, as well as outflows related to trade and other payables.

The following is the maturity analysis for trade receivables and payables and financial liabilities as of December 31, 2024:

Figures in thousands of Euros	December 31, 2024				Total
	Within 90 days	90 days to 1 year	1 to 5 years	Over 5 years	
Liabilities for leasing	181	537	3.303	2.565	6.586
Financial liabilities	37	-	-	-	37
Trade payables	10.649	-	-	-	10.649
Total	10.867	537	3.303	2.565	17.272

<i>Figures in thousands of Euros</i>	December 31, 2024				
	Within 90 days	90 days to 1 year	1 to 5 years	Over 5 years	Total
Trade receivables	1.595	-	-	-	1.595
Total	1.595	-	-	-	1.595

In addition, the Company holds, in addition to cash and cash equivalents, a portfolio of financial investments totaling 83,154 thousand euros as of December 31, 2024, which is readily liquid and can be used to meet any liquidity needs. Please refer to Note No. 19 of the annual financial statements.

- Market risk

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

- Foreign exchange risk

The Company is exposed to foreign exchange risk when sales, purchases, receivables, and loans are denominated in a currency other than the functional currency.

Manufacturing activities are limited to Italy and Switzerland and therefore the Company is exposed to fluctuations between the euro and the Swiss franc. The reporting currency is the euro, Philogen is subject to foreign exchange risk arising from the translation of the financial statements of the Swiss subsidiary Philochem AG, affecting net income and equity (translation risk).

In the year ended December 31, 2024, revenues from contracts with customers were mainly realized in Euro (the Company's functional currency) and accounted for approximately 91% of total revenues.

The following is a breakdown of revenues with customers by currency for the year ended December 31, 2024 and 2023:

<i>Figures in thousands of Euros</i>	Year ended December 31			
	2024	%	2023	%
U.S. dollar (USD)	47	0%	511	2%
Euro (EUR)	72.941	98%	21.515	91%
Swiss Franc (CHF)	1.761	2%	1.712	7%
Total revenue from contracts with customers	74.749	100%	23.738	100%

The following is an absolute value sensitivity analysis on revenues from contracts with customers resulting from a 1% change in the exchange rate of the currencies listed above for the years ending December 31, 2024 and December 31, 2023:

<i>Figures in thousands of euros in absolute value</i>	Year ended December 31	
	2024	2023
U.S. dollar (USD)	0	5
Euro (EUR)	729	215
Swiss Franc (CHF)	18	17
Total effect on revenue from contracts with customers	747	237

The Company also incurs operating costs in foreign currencies, and, mainly in U.S. Dollars and Swiss Francs. The following is a breakdown of operating costs by currency for the years ended December 31, 2024 and December 31, 2023:

<i>Figures in thousands of Euros</i>	Year ended December 31			
	2024	%	2023	%
U.S. dollar (USD)	1.022	3%	930	3%
Euro (EUR)	32.089	91%	24.999	85%
Pounds Sterling (GBP)	3	0%	6	-
Canadian dollar (CAD)	-	-	1	-
UAE Dirham (AED)	2	0%	-	-

Polish Zloty (PLN)	8	0%	9	-
Swiss Franc (CHF)	2.324	12%	3.613	12%
Indonesian Rupee (RUP)	1	0%		
Total operating costs	35.450	100%	29.558	100%

The following is an absolute value sensitivity analysis on operating costs resulting from a 1% change in the exchange rate of the currencies listed above for the years ended December 31, 2024 and 2023:

<i>Figures in thousands of euros in absolute value</i>	Year ended December 31	
	2024	2023
U.S. dollar (USD)	10	9
Euro (EUR)	321	250
Pounds Sterling (GBP)	-	-
Canadian dollar (CAD)	-	-
Polish Zloty (PLN)	-	-
Swiss Franc (CHF)	23	36
Total effect on operating costs	354	296

The Company does not adopt exchange rate hedging instruments

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

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
EUR	77.970	58.620
GBP	-	-
RUB	-	-
USD	5.184	1.089
CHF	-	-
TRY	-	-
Total Current Financial Assets	83.154	59.709

- *Financial investment risk management*

Following careful financial planning invested the portion of cash in excess of ordinary cash needs in current financial assets. Investments were chosen on the basis of monitoring and consultations with the study office of the securities' custodian bank. Constant information regarding the solvency of issuers, country risk, as well as market variables are made available to the company in order to put in place prompt corrective actions.

Based on the logic described in Note No. 17 "Other Current Financial Assets," to which reference is made for more details, the Company adopted an HTCS business model. Failure to pass the SPPI Test, resulted in its evaluation at FVTPL, while passing the SPPI Test, resulted in its evaluation at FVTOCI.

Country risk management

The Company does not operate with countries that are unstable economically, politically or socially. By virtue of the ESMA recommendations, published on March 14, 2022, the Company despite not having relations with Russia and Ukraine, continues to monitor the impact on financial markets of the War in Ukraine and the sanctions adopted against Russia.

31. Disclosure of 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, 2024 and December 31, 2023.

<i>Figures in thousands of Euros</i>	December 31 2024	December 31 2023
Financial assets:		
Financial assets measured at amortized cost		
Trade receivables	1.595	1.937
Current financial assets	-	-
Cash and cash equivalents	29.314	14.976
Other current assets	897	708
Financial assets measured at fair value		
Current financial assets	83.154	59.709
Non-current financial assets	-	-
Total financial assets	114.960	77.331
Financial liabilities measured at amortized cost		
Non-current financial liabilities		1.926
Non-current lease liabilities	5.	6.548
Current financial liabilities		5.540
Current lease liabilities	715	713
Trade payables	10.	8.890
Other current liabilities	2.	2.001
Total financial liabilities	20.079	25.618

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

Non-current financial liabilities and assets are settled or valued at market rates, so their *fair value* is believed to be substantially in line with current book values.

Fair value disclosure

In relation 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 on the basis of the levels provided in the hierarchy:

<i>Figures in thousands of Euros</i>	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Current financial assets measured at <i>fair value</i> recognized in the profit (loss) for the year	41.771	17.938	-	59.709
Total assets measured at fair value	41.771	17.938	-	59.709

<i>Figures in thousands of Euros</i>	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Current financial assets measured at <i>fair value</i> recognized in the profit (loss) for the year	67.246	15.908	-	83.154
Total assets measured at fair value	67.246	15.908	-	83.154

Financial assets related to level 1 of the *fair value* hierarchy refer to portfolio securities related to bonds, equities and units of investment funds listed on regulated markets. Please refer to Note No. 19 for more details.

Level 2 of the *fair value* hierarchy includes current financial assets measured at *fair value* through profit (loss) for the year in accordance with IFRS 9, consisting of insurance investment products held by the Company for the purpose of investing excess cash (see Note 19 for more 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, on the basis of the NAV (*Net Asset Value*) reported by insurance companies, representative of the settlement value of policies as of the balance sheet date.

There were no transfers between different levels of the *fair value* hierarchy during the periods under consideration.

32. Related parties

Total related party transactions are summarized below.

Year ending December 31, 2023

Figures in thousands of euros

	Related part						Total	Inc. % on budget item
	Rendo Ltd.	Philochem AG	Nerbio S.r.l	Strategic executives	Directors and endoconsilairi bodies	Board of Auditors		
Statement of financial position								
Activities by right of use	6.548	-	-	-	-	-	6.548	95%
Participation	-	5.733	-	-	-	-	5.733	100%
Trade receivables	-	656	4	-	-	-	661	34%
Financial liabilities for non-current leases	582	-	-	-	-	-	582	82%
Financial liabilities for current leases	6.395	-	-	-	-	-	6.395	98%
Current financial liabilities	-	4.650	-	-	-	-	4.650	84%
Employee benefits	-	-	-	-	70	-	70	6%
Trade payables	-	1.360	-	-	-	-	1.360	15%
Accounts payable to corporate bodies ^(*)	-	-	-	-	16	60	76	1%
Other current liabilities	-	-	-	51	175	-	226	11%
Profit and loss account								
Revenues from contracts with customers	-	659	4	-	-	-	663	3%
Depreciation	595	-	-	-	-	-	595	19%
Costs for services	-	3.272	-	-	1.914	63	5.249	34%
Personnel cost	-	-	-	660	-	-	660	8%
Financial charges	197	220	-	-	-	-	417	30%
Result from participation	-	5.325	-	-	-	-	5.325	100%

^(*)In the financial statements of accounts payable to corporate bodies are included in the item "Trade payables".

Year ending December 31, 2024

Figures in thousands of euros

	Related part						Total	Inc. % on budget item
	Rendo Ltd.	Philochem AG	Nerbio S.r.l	Strategic executives	Directors and endoconsilairi bodies	Board of Auditors		
Statement of financial position								
Activities by right of use	5.974	-	-	-	-	-	5.974	97%
Participation	-	841	-	-	-	-	841	100%
Trade receivables	-	834	-	-	-	-	834	52%
Financial liabilities for non-current leases	222	-	-	-	-	-	222	81%
Financial liabilities for current leases	5.831	-	-	-	-	-	5.831	99%
Current financial liabilities	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	158	-	158	12%
Trade payables	-	1.247	-	-	-	-	1.247	12%
Accounts payable to corporate bodies ^(*)	-	-	-	-	16	60	76	1%
Other current liabilities	-	-	-	-	175	-	175	7%
Profit and loss account								
Revenues from contracts with customers	-	761	-	-	-	-	761	1%
Depreciation	614	-	-	-	-	-	614	18%
Costs for services	-	3.204	-	-	1.914	67	5.185	28%
Personnel cost	-	-	-	206	-	-	206	2%
Financial charges	185	50	-	-	-	-	235	17%
Result from participation	-	5.280	-	-	-	-	5.280	100%

^(*)In the financial statements of accounts payable to corporate bodies are included in the item "Trade payables".

It should be noted that during the year ended December 31, 2024, intercompany contracts worth a total of 873,879 euros were signed for research and development activities and services performed by the subsidiary Philochem A.G for the benefit of the Company. All transactions were carried out at market values. Likewise, the company Philogen also performed administrative and *subcontracting* services for the subsidiary Philochem amounting to a total of Euro 813,439.

The related party transactions outlined above do not qualify as either atypical or unusual, as they are part of the normal course of business of Group companies and are settled at arm's length.

Relations with Rendo S.r.l.

Regarding dealings with Rendo S.r.l. and Rendo AG, the above balances mainly refer to lease payments for the following properties:

- production plant in Montarioso (Siena) and plant in Rosia (Siena), used as the administrative and operational headquarters of Philogen S.p.A. With regard to this case, following the Company's strong growth and expansion, it became necessary to reevaluate and revise the company's areas and spaces in order to build an office building within the area currently leased by Rendo S.r.l. to Philogen S.p.A. under the lease agreement signed 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 was started. The activities for the construction of the building, which was completed in July 2024 and whose cost was fully borne by Philogen, was recorded in the amount of Euro 2,334 thousand under leasehold improvements, representing an addition pursuant to Article 1593 of the Civil Code. These leasehold improvements are amortized over the entire term of the lease agreement for the Rosia site currently in place, the duration of which is unchanged, considering a tacit renewal in accordance with the provisions of International Accounting Standard IFRS 16.

Compensation to directors, strategic managers, auditors, other endoconsiliar bodies, and scientific committee

In relation to relations with the Company's Directors, Endoconsulting Committees, Statutory Auditors and Scientific Committee, these are limited to the payment of emoluments and remuneration as shown in the following tables:

i) Board of Directors

<i>Figures in thousands of euros</i>	December 31 2024	December 31 2023
Duccio Neri - Executive Chairman	365	300
Dario Neri - CEO	378	150
Giovanni Neri - Managing Director	227	90
Sergio Gianfranco Luigi Maria Dompé - Councilor	30	30
Roberto Marsella - Councilor	-	-
Nathalie Francesca Maria Dompé - Councilor	30	30
Leopoldo Zambelletti	30	30
Roberto Ferraresi	32	32
Guido Guidi	32	32
Marta Bavasso (*)	30	30
Maria Giovanna Calloni	32	32
Total compensation	1.	755
Monetary incentive plan (***)	590	153
Severance pay (****)	69	42
Total	1.844	950

(*) Lead Independent director.

(**) The item Other directors includes remuneration related to the board of directors of the subsidiary company (Philochem).

(***) The cost for the MBO Plan provided for executive directors (Section 4.2 of the management report) includes the last installment related to the MBO 2023 and the provision for the MBO 2024 plan provided for executive directors

(****) Severance pay (TFM) includes the portion of TFM paid for the outgoing executive directors (end of term with the approval of the financial statements as of December 31, 2021) and the TFM set aside related to the new office given to the executive directors (appointed by the Shareholders' Meeting on April 27, 2022).

ii) Strategic executives

<i>Figures in thousands of euros</i>	December 31 2024	31 2023
Duccio Neri	31	100
Dario Neri	66	350
Giovanni Neri	109	210
Compensation Strategic executives		660

As per the resolution of the Board of Directors on Dec. 16, 2020, the three executive members of the Board of Directors were appointed as strategic executives, effective Jan. 1, 2021, under the reorganization of corporate governance following the listing process.

iii) Board of Auditors

<i>Figures in thousands of euros</i>	December 31 2024	December 31 2023
Stefano Mecacci - President	9	27
Maurizio - Di Marcotullio - President	20	-
Pierluigi Matteoni - Statutory Auditor	19	18
Alessandra Pinzuti - Statutory Auditor	19	18
Remuneration Board of Auditors	67	63

iv) Endoconsiliar organs

<i>Figures in thousands of euros</i>	December 31 2024	December 31 2023
Marta Bavasso	30	30
Roberto Ferraresi	20	20
Maria Giovanna Calloni	20	20
Endoconsiliar Committees Compensation.	70	70

Audit, Risk and Sustainability Committee: Marta Bavasso (Chair), Marai Giovanna Calloni and Roberto Ferraresi. This committee also serves as the Related Party Transactions Committee.

Remuneration and Appointments Committee: Marta Bavasso (Chair), Roberto Ferraresi, Marai Giovanna Calloni.

- v) Scientific Committee: the Scientific Committee is chaired by Prof. Dario Neri, and consists of a total of three members, in addition to the Chairman. The Committee may avail itself of the collaboration of external consultants, chosen from prominent members of the scientific community and experienced professionals. The other members of the Scientific Committee are Administrator Guido Guidi and Wolfgang Berdel and Cornelia Halin Winter, who collaborate with the Group in an advisory capacity because of their experience in scientific fields related to the Group's research area.

33. Events occurring after the end of the fiscal year

No significant events occurred after the close of the fiscal year on December 31, 2024.

Accounting principles

34. Evaluation criteria

These financial statements have been prepared using the historical cost convention, except for financial instruments, which are measured at *fair value* at each reporting date.

These financial statements have also been prepared on the going concern assumption. The Directors' assessment of this assumption takes into consideration the Company's current development strategies, the Company's capital and financial strength, and the possibility of reviewing the timing and structure of its development strategy as well as its ability to raise the financial resources necessary to continue its operations, including by licensing some of its proprietary products to third parties through *outlicensing* agreements.

35. Main accounting principles

Drafting criteria

The financial statements consist of the mandatory financial statements required by IAS 1. All schedules comply with the minimum content required by international accounting standards and applicable provisions set forth by the national legislature and Consob. The schedules used are considered adequate for the purpose of fair representation (fair) of the Company's financial position, financial position and cash flows; in particular, the income statements reclassified by nature are considered to provide reliable and relevant information for the purpose of fair representation of the Company's economic performance. The schedules that make up the Financial Statements are as follows:

Statement of financial position

The presentation of the statement is done through separate disclosure of 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 after the balance sheet date.

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

- ii) expected to be realized/extinguished or expected to be sold or used in the Company's normal operating cycle;
- iii) Is owned primarily to be traded;
- iv) is expected to be realized/extinguished within 12 months after the balance sheet date.

In the absence of all three conditions, assets/liabilities are classified as non-current.

Statement of income statement

The classification of costs is by nature, highlighting the results related to operating income and income before taxes.

Statement of comprehensive income

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

Statement of Changes in Equity

The statement shows the changes in equity items related to:

- Allocation of the profit for the year of the Company and subsidiaries to third-party shareholders;
- Amounts related to transactions with shareholders (purchase and sale of own shares);
- vi) each item of profit and loss net of any tax effects, which, as required by IFRS are alternatively charged directly to equity (gains or losses from the purchase or sale of treasury stock, actuarial gains and losses generated from the valuation of defined benefit plans), or have a balancing entry in an equity reserve (share-based payments for incentive plans);
- vii) Changes in valuation reserves of derivative instruments hedging future cash flows, net of any tax effect.

Cash flow statement

The Statement of Cash Flows is presented according to the indirect method, whereby net income is adjusted for the effects of non-cash transactions, any deferrals or accruals of prior or future operating cash receipts or payments, and items of income or expense associated with cash flows from investing or financing activities.

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

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

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

Cash equivalents include short-term restricted bank deposits.

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency at the exchange rate in effect on the date of the transaction.

Monetary items that are denominated in a foreign currency on the reporting date are translated into the functional currency using the exchange rate on that date. Non-monetary items that are 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 that are measured at historical cost in a foreign currency are translated using the exchange rate on the same date of the transaction. Exchange differences arising from the translation are generally recognized in net income/(loss) for the year under finance costs.

Foreign management

Assets and liabilities of the foreign operations, including goodwill and *fair value* adjustments arising from the acquisition, are translated into euros using the exchange rate recognized as of the reporting date. Revenues and expenses of foreign operations are translated into Euro using the exchange rate in effect on the date of the transactions. Exchange rate differences are recognized in other comprehensive income and included in the translation reserve, except for exchange rate differences that are attributed to minority interests. When the Company disposes of an investment in a foreign operation, in whole or in part, such that it loses control, significant influence or joint control over it, the amount accumulated in the translation reserve relating to that foreign operation is reclassified to net income/(loss) for the year as an adjustment to the gain or loss on disposal.

Revenues from contracts with customers

Revenues are measured taking into account the consideration specified in the contract with the customer. The Company recognizes revenue when it transfers control of goods or services.

IFRS 15 "Revenue from contracts with customers" defines the criteria for recognizing and measuring revenue from contracts with customers. In general, IFRS 15 requires the recognition of revenue 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) Customer contract identification;
- (ii) identification of *performance* obligations (i.e., 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) Revenue recognition when the relevant *performance* obligation is met .

The Company's revenues are mainly derived from licensing agreements and contracts to perform research and development services commissioned by customers.

Regarding contracts involving the granting of license rights to the Company's intellectual property, firstly it is analyzed whether the granting of license right is distinguishable from other *performance obligations*. The Group recognizes distinct performance obligations when:

- the client can benefit from the good/service either alone or in combination with other resources that are readily available;
- the promise to transfer a good or service is identifiable separately from other promises in the contract.

If it is found that the grant of licensing 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 obligation to do.

If, on the other hand, it is found that the granting of the license right is distinct from the promise to transfer other goods or services, the Company analyzes whether the customer obtains an access right or a right to use the intellectual property. The customer has a right of access to the Society's intellectual property if all of the following conditions are met:

- The contract requires, or the client expects, the Company to engage in activities that have significant impacts on intellectual property;
- Such activities at the time they are performed do not transfer distinct goods/services to the customer;
- Rights under the license expose the client to positive/negative effects for the Company's activities with respect to intellectual property.

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

The following is a summary outline of the main fees and related payment terms covered by the Company's license agreements:

Type of consideration	Accounting Recognition
<i>Up-front</i>	They represent consideration received in advance at the conclusion of the contract. If referring to the granting of license fees, they are recognized: <ol style="list-style-type: none"> 1. <i>at point in time</i>, in case they take the form of intellectual property use rights; 2. <i>over time</i>, in case they take the form of intellectual property access rights. If specific goods/services transferred to the customer are not identified when the <i>up-front fee</i> is collected, this collection represents an advance and is recognized as revenue in the future when <i>performance obligations</i> are met (" <i>over time</i> "). The Company issues an invoice for the <i>up-front fee</i> at the same time as the contract is signed. This invoice is usually due in 30 days. The payment terms do not include trade discounts.
<i>Commercial Options</i> (so-called " <i>Commercial Option Fees</i> ")	If the license right is separable from other obligations to do, they are recognized as intellectual property use rights and the related revenue is recognized <i>at a point in time</i> when such license right is granted. If the license right is not separable from the other obligations to do, such collection represents an advance and is recognized as revenue in the future when the <i>performance obligations</i> are met (" <i>over time</i> "). The Company invoices for the <i>commercial option fee</i> at the same time that the customer notifies the Company of the customer's willingness to exercise said option. Such an invoice is usually due in 30 days. The payment terms do not include commercial discounts.
<i>Milestone</i>	They represent variable payments contingent on the achievement of certain significant goals in product development (e.g., the start of Phase III clinical trials). Upon entering into the contract, management assesses whether achievement of the <i>milestones</i> is highly probable and estimates the amount to be included in the transaction price using the <i>most probable value</i> method (" <i>most likely amount</i> "). If it is likely that

	<p>there will be no subsequent significant revenue reversal, the <i>milestone</i> value is included in the transaction price.</p> <p>Payments related to events that are not under the Company's control and that typically depend on obligations to do on the part of the counterparty (such as product approval by regulatory authorities or achievement of customer-led research <i>milestones</i>) are not considered highly probable until there is certainty that the <i>milestone</i> will be achieved (e.g., a communication from the customer or regulatory authorities).</p> <p>At the end of each fiscal year, management reassesses the probability of achieving all <i>milestones</i> and, if necessary, adjusts its estimate of the overall transaction price.</p> <p>The Company issues an invoice for <i>the milestone</i> at the same time that the customer notifies the company that the goal/event has been achieved. This invoice is due, usually, in 30 days. Payment terms do not include trade discounts.</p>
<i>Royalties</i> (based on sales)	<p>The Company recognizes sales-based royalty revenue only when (or as) the latest of the following events occurs:</p> <ol style="list-style-type: none"> 1. The subsequent sale or use; and 2. The fulfillment (or partial fulfillment) of the obligation to do to which all or part of the sales-based royalty was assigned.

With regard to *other performance obligations* contained in 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 these activities as the *performance obligation* is fulfilled ("*over time*") if one of the following criteria is met:

- i. the client simultaneously receives and uses the benefits from the service performed by the Company as the latter performs it;
- ii. the Company's performance creates or improves the activity that the customer controls as the activity is created or improved;
- iii. the service does not create an asset that presents an alternative use for the Company, and the latter has the enforceable right to payment for the completed service up to the relevant date.

If even one of the above criteria is not met, the *performance obligation* is considered fulfilled when the good or service is transferred and the related revenue is recognized *At a point in time*.

Public grants

Unrestricted government grants are recognized in profit/(loss) for the period as other income when the government grant becomes receivable. Other asset-related government grants are initially recognized at fair value as deferred revenue if there is reasonable certainty that they will be received and that the Group will comply with the expected conditions for their receipt, and are then recognized in profit/(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 shown in the balance sheet under current and non-current assets in relation to their possibility of utilization.

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

Cost recognition

Costs are recognized when they relate to goods and services purchased or consumed during the period or by systematic allocation on an accrual basis.

Financial income and expenses

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

Borrowing costs are accounted for on an accrual basis and recognized in the income statement in the year they accrue.

Financial income is accounted for based on the actual rate of return on an accrual basis.

Taxes

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

The Company has determined that interest and penalties related to income taxes, including accounting treatments to be applied to income taxes of an uncertain nature, are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* because 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 taxable income or tax loss for the year as well as any adjustments to taxes from prior years. The amount of taxes payable or receivable, determined on the basis of tax rates in effect or substantially in effect at the end of the fiscal year, also includes the best estimate of any portion payable or receivable that is subject to uncertainty factors. 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 reference to temporary differences between the carrying amounts of assets and liabilities recorded in the financial statements and the corresponding amounts recognized for tax purposes. Deferred taxes are not recognized for:

- temporary differences related to 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 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 used. Future taxable income is defined on the basis of the reversal of the related deductible temporary differences. If the amount of taxable temporary differences is not sufficient to fully recognize a deferred tax asset, future taxable income, adjusted for the cancellations of outstanding temporary differences, provided for in the company's business plan is considered. The value of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realized. These reductions must be restored when the probability of future taxable income increases.

Unrecognized deferred tax assets are reviewed at the end of each reporting period and are recognized to the extent that it has become probable that the Company will earn sufficient taxable profit in the future to utilize them.

Deferred taxes are measured using the tax rates that are expected to be applicable to temporary differences in the year in which they reverse based on tax rates established by measures in effect or substantially in effect at the end of the reporting period and reflect any uncertainties related to income taxes.

The valuation of deferred taxes reflects the tax effects arising from the manner in which the Company expects, as of the reporting date, to recover or settle the carrying value of assets and liabilities. The presumption that the carrying value of investment properties measured at *fair value* will be recovered in full through a sale transaction 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 continuing revenue-generating operating activities and other income and expenses related to operating activities. Net financial expenses and income taxes are excluded from operating income.

Earnings/loss per share

Basic earnings per share were calculated by considering the profit attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding during the year.

The calculation of diluted earnings per share was made considering the profit attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding during the year taking into account the effects of all dilutive potential ordinary shares. The dilutive effect of potential ordinary shares was calculated based on the *treasury share method* required by IAS 33.

Property, plant and equipment

iii) Survey and evaluation

An item of property, plant and equipment is valued at cost, including capitalized borrowing costs, less accumulated depreciation and impairment losses.

If an item of property, plant and equipment is composed of several components having different useful lives, these components are accounted for separately (significant components).

The gain or loss generated 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.

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 by a straight-line basis, net of its estimated residual value, over the item's useful life. Depreciation is generally recognized in profit/(loss) for the year under "Depreciation and amortization." Land is not depreciated.

The estimated useful lives of the current and comparative years are as follows:

Category	Rate
Buildings	3%
Plant and machinery	20%
Industrial and commercial equipment	15%
Cars	25%
Furniture and furnishings	12%
Leasehold improvements	8%

Depreciation methods, useful lives and residual values are checked at the end of the fiscal year and adjusted where necessary.

Intangible assets

iv) Survey and evaluation

Research and development: research expenses are recognized in profit/(loss) for the year in which they are incurred. Development expenses are capitalized only if the cost attributable to the asset during its development can be reliably estimated, the product or process is feasible in technical and commercial terms, future economic benefits are probable, and the Company intends and has sufficient resources to complete its development and use or sell the asset. Other

development expenses are recognized in profit/(loss) for the year as they are incurred. Capitalized development expenses are recorded at cost less accumulated amortization and any accumulated impairment losses.

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

Other intangible assets: other intangible assets, patents and licenses that have a finite useful life, are carried at cost less accumulated amortization and any accumulated impairment losses.

v) Subsequent costs

Costs subsequent to initial recognition 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 income/(loss) in the year in which they are incurred.

vi) Depreciation

Amortization is recognized in profit/(loss) for the year on a straight-line basis over the estimated useful life of intangible assets, from when the asset is available for use.

The estimated useful lives of the current and comparative years are as follows:

Category	Average rate
Patent rights and rights to use intellectual works	5%
Concessions, licenses, trademarks and similar rights	10%

Depreciation methods, useful lives, and residual values are reviewed at each fiscal year-end and modified as necessary.

Activities by right of use

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 conveys 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 that contains a lease component, the Company allocates the contract consideration to each lease component on the basis of its stand-alone price.

On the effective date of the lease, the Company recognizes the right-of-use asset and the lease liability. The right-of-use asset is initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for lease payments due on or before the effective date, increased by the initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or the site where it is located, net of lease incentives received.

The right-of-use asset is depreciated successively on a straight-line basis from the effective 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, the Company is expected to exercise the purchase option. In such a case, the right-to-use asset will be depreciated over the useful life of the underlying asset, determined on the same basis as that of property and equipment. In addition, the right-of-use asset is regularly decreased by any impairment losses and adjusted to reflect any changes resulting from subsequent valuations of the lease liability.

The Company values the lease liability at the present value of unpaid lease payments due on the effective date, discounting them using the lease's implicit interest rate. Where this rate cannot be easily determined, the Company uses the marginal financing rate. Generally, the Company uses the marginal financing rate as the discount rate.

The Company's marginal financing rate is calculated based on the interest rates obtained from various external financing sources by making certain adjustments that reflect the terms of the lease and the type of leased asset.

Lease payments due included in the measurement of the lease liability include:

- fixed payments (including substantially fixed payments);
- Variable lease payments due that depend on an index or rate, initially evaluated using an index or rate on the effective date;
- The amounts expected to be paid as collateral on the residual value; and
- the exercise price of a purchase option that the Company is reasonably certain to exercise, payments due for the lease in an optional renewal period if the Company is reasonably certain to exercise the renewal option, and penalties for early termination of the lease, unless the Company is reasonably certain not to terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method and is remeasured when there is a change in the future lease payments due resulting from a change in the index or rate, when there is a change in the amount the Company expects to have to pay as security on the residual value, or when the Company changes its valuation with reference to whether or not it exercises an option to purchase, extend, or terminate, or when there is a revision in the payments due for the lease that is fixed in substance.

When the lease liability is remeasured, the lessee makes a corresponding change in the right-of-use asset. If the book value of the right-of-use asset is reduced to zero, the lessee recognizes the change in profit/(loss) for the year.

The Company has applied IFRS 16 using the modified retroactive application method as of January 1, 2019.

Short-term leasing and leasing 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 computer equipment. The Company recognizes the related lease payments due as an expense on a straight-line basis over the lease term.

Equity investments in subsidiaries, joint ventures and enterprises

Investments in subsidiaries, associates and joint ventures are included in the financial statements using the equity method, as permitted by IAS 27 and in accordance with IAS 28 (Investments in Associates and Joint Ventures).

Subsidiaries, affiliates, and joint ventures are included in the financial statements from the date that control, significant influence, or joint control begins and until that situation ceases.

The financial statements of subsidiaries, associates and joint ventures are appropriately amended and reclassified, where necessary, to conform to international accounting standards and uniform classification criteria within the Group.

In applying 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 recognize the investor's share of the investee's profits or losses realized after the date of acquisition. The investor's share of the investee's profit (loss) for the year is recognized in the separate income statement. Dividends received from an investee reduce the carrying value of the investment. Adjustments to the carrying value of the investment are also due to changes in items in the investee's 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 discontinues recognition of its share of the additional losses. After zeroing out the interest, the further losses are accrued and recognized as a liability, only to the extent that the entity has entered into implied legal obligations or made payments on behalf of the subsidiary, associate or joint venture. If the subsidiary or associate or joint venture later makes profits, the entity resumes recognizing its share of profits only after it has equalized its share of unrecognized losses. Gains and losses arising from "upward" and "downward" 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 subsidiary's, associate's, or joint venture's profits and losses resulting from such transactions is eliminated in the income statement line "income from investments" with an offset against 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 equity investment is subjected to the impairment test procedure, described in the section "Impairment" to which we refer for more details.

Finally, please note 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 purpose 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 companies in currencies other than the euro are translated using the exchange rates prevailing on the balance sheet date (current exchange rate method). Income and expenses are translated at the average exchange rate for the year. Foreign exchange differences resulting from the application of this method, as well as foreign exchange differences resulting from a comparison of opening shareholders' equity converted at current exchange rates and the same converted at historical exchange rates, flow through the statement of comprehensive income and are accumulated in a special equity reserve until the investment is sold.

The exchange rates used to translate the financial statements of subsidiaries, affiliates and joint ventures into euros are shown in the appropriate table:

Currency	Change Punctual December 31, 2024	Average Exchange Rate December 31, 2024	Change Punctual December 31, 2023	Average Exchange Rate December 31, 2023
Swiss Franc	0,9412	0,9526	0,9260	0,97173

Inventories

Inventories are valued at the lower of purchase or production cost and net realizable value. Purchase cost is defined as the actual purchase price plus ancillary charges. The purchase cost of materials includes, in addition to the price of the material, the costs of transportation, customs, other taxes and other costs directly attributable to that material. Returns, trade discounts, rebates and premiums are deducted from cost. Production cost means all direct costs and indirect costs for the portion reasonably attributable to the product relating to the period of manufacture and up to the time from which the good can be used, considered on the basis of normal production capacity. Realization value that can be inferred from market trends is equal to the estimated selling price of goods and finished products in the normal course of business, net of assumed completion costs and direct selling costs. For the purpose of determining the realizable value inferable from market trends, the rate of obsolescence and the turnaround time of inventories are taken into account, among other things. 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 share of overhead expenses determined on the basis of normal production capacity.

Financial instruments

iv) Survey and evaluation

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, which is when the Company becomes a contractual party to the financial instrument.

Except for 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, the 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 valued at their transaction price.

Classification and subsequent evaluation

Financial assets:

Upon initial recognition, a financial asset is classified according to its valuation: amortized cost; *fair value* recognized in other comprehensive income (FVOCI) - debt security; FVOCI - equity security; or *fair value* recognized in profit/(loss) for the year (FVTPL).

Financial assets are not reclassified after their initial recognition unless the Company changes its business model for managing financial assets. In such a case, all affected financial assets are reclassified on the first day of the first fiscal year following the change in business model.

A financial asset should be measured at amortized cost if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is owned as part of a business model whose objective is the ownership of financial assets aimed at collecting the related contractual cash flows; and
- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

A financial asset should be assessed at FVOCI if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is owned as part of a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets; and
- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

Upon initial recognition of an equity security not held for trading purposes, the Company may make an irrevocable election to present subsequent changes in *fair value* in other comprehensive income. This choice is made for each asset.

All financial assets not classified as measured at amortized cost or 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 asymmetry that would otherwise result from measuring the financial asset at amortized cost or FVOCI.

Financial activities: evaluation of the business model

With specific reference to Business Model, IFRS 9 identifies three different business models, which in turn reflect the ways in which financial activities are managed:

- "Held To Collect": a business model under which financial assets are held with the objective of realizing contractual cash flows by holding the financial instrument to maturity;
- "Held to Collect and Sell": a business model that includes financial assets held with the goal of both realizing contractual cash flows over the life of the asset and collecting proceeds from the sale of the asset;
- "Other": business model includes financial instruments that cannot be classified into the previous categories, mainly represented by financial assets held for the purpose of realizing cash flows through sale (assets held for trading).

The business model thus represents how the Company manages its financial assets, that is, how it intends to realize cash flows from them.

The Company evaluates the objective of the business model under which the financial asset is held at the portfolio level as best reflecting how the asset is managed and the information reported to management. Such information includes:

- the stated criteria and objectives of the portfolio and the practical application of those criteria, including, among others, whether management's strategy is based on obtaining interest income from the contract, maintaining a certain interest rate profile, aligning the duration of financial assets with that of related liabilities, or expected cash flows or raising cash flows through the sale of assets;
- how portfolio performance is evaluated and how performance is reported to the Company's key management personnel;
- 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 way in which the firm's executives are compensated (for example, whether compensation is based on the *fair value* of assets under management or on contractual cash flows collected); and
- the frequency, value and timing of sales of financial assets in previous years, the reasons for sales, and expectations regarding future sales.

Transfers of financial assets to third parties as part of transactions that do not result in derecognition are not considered sales for business model evaluation purposes, consistent with the Company's retention of such assets on its balance sheet.

Financial assets that meet the definition of financial assets held for trading or whose performance is measured on the basis of *fair value* are measured at FVTPL.

Financial assets: assessment of whether contractual cash flows are represented solely by payments of principal and interest.

For valuation purposes, 'principal' is the *fair value* of the financial asset at initial recognition, while 'interest' is the consideration for the time value of money, for the credit risk associated with the amount of principal to be repaid during a given period of time, and for other basic risks and costs associated with the loan (e.g., 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 others, whether the financial asset contains a contractual term that changes the timing or amount of contractual cash flows such that the following condition is not met. For evaluation purposes, the Company considers:

- contingent events that would change the timing or amount of cash flows;
- clauses that could adjust the contractual coupon rate, including variable-rate elements;
- prepayment and extension elements; and clauses that limit the Company's demands for cash flows from specific activities (e.g., non-recourse elements).

The prepayment element is consistent with the criterion of "cash flows represented solely by payments of principal and interest" when the prepayment amount substantially represents the unpaid amounts of principal and accrued interest on the principal amount to be repaid, which may include reasonable compensation for early termination of the contract. In addition, in the case of a financial asset acquired at a significant premium or discount to the nominal contractual amount, an item that allows or requires a prepayment equal to an amount that substantially represents the nominal contractual amount plus accrued (but unpaid) contractual interest (which may include reasonable compensation for early termination of the contract) is accounted for in accordance with this criterion if the *fair value* of the prepayment item is not significant upon initial recognition.

Financial assets: subsequent valuation and gains and losses

<i>Financial assets valued at FVTPL</i>	These assets are subsequently measured at <i>fair value</i> . Net gains and losses, including dividends or interest received, are recognized in net income/(loss) for the year.
<i>Financial assets measured at amortized cost</i>	These assets are subsequently measured at amortized cost in accordance with the effective interest method. The amortized cost is decreased by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in net income/(loss) for the year as are any gains or losses from derecognition.
<i>Debt securities valued at FVOCI</i>	These assets, after passing the SPPI Test, are subsequently measured at <i>fair value</i> . 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, accumulated gains or losses in other comprehensive income are reclassified to net income/(loss) for the year.
<i>Equity securities valued at FVOCI</i>	These assets are subsequently measured at <i>fair value</i> . Dividends are recognized in net income/(loss) for the year unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to net income/(loss) for the year.

Financial liabilities: classification, subsequent valuation, 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, represents 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/(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 net income/(loss) for the year, as are any gains or losses from derecognition.

v) Accounting elimination

Financial assets

Financial assets are derecognized when the contractual rights to the cash flows from them expire, when the contractual rights to receive the cash flows under a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred, or when the Company neither transfers nor retains substantially all risks and rewards of ownership of the financial asset and does not retain control of the financial asset.

The Company is involved in transactions involving 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 fulfilled or cancelled or has expired. The Company also derecognizes a financial liability when the relevant contractual terms are changed and the cash flows of the changed liability are substantially different. In such a case, a new financial liability is recognized at *fair value* based on the changed contractual terms.

The difference between the book value of the extinguished financial liability and the consideration paid (including assets not represented by cash transferred or liabilities assumed) is recognized in profit/(loss) for the year.

vi) Compensation

Financial assets and financial liabilities may be offset and the amount resulting from the offset is presented in the statement of financial position if, and only if, the Company currently has the legal right to offset such amounts and intends to settle the balance on a net basis or realize the asset and settle the liability simultaneously.

Impairment losses

v) *Financial instruments and assets arising from contracts*

The Company recognizes allowances for expected credit losses related to:

- Financial assets measured at amortized cost;
- debt securities valued at FVOCI; and
- Activities arising from contract.

In addition, the Company recognizes among trade and other receivables allowances for expected losses over the life of the receivables implicit in the lease contracts.

The Company assesses allowances for impairment at an amount equal to the expected losses over the life of the loan, except as noted below, for the following twelve months:

- Debt securities with low credit risk at the balance sheet date; and
- other debt securities and bank accounts whose credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not significantly increased after initial recognition.

Allowances for impairment of trade receivables (including those related to leases) and contract assets are always valued at an amount equal to the expected losses over the life of the receivable.

To determine whether credit risk related to a financial asset has increased significantly since initial recognition in order to estimate expected credit losses, the Company considers reasonable and demonstrable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Company's historical experience, credit evaluation as well as information indicative of expected developments ('*forward-looking information*').

Long-lived expected credit losses are the expected credit losses arising from all possible defaults over the expected life of a financial instrument.

Expected credit losses at 12 months are expected credit losses arising from possible defaults within 12 months of the reporting 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.

Evaluation of expected credit losses

Expected credit losses (ECLs) are a probability-weighted estimate of credit losses. Accounts receivable losses are the present value of all uncollectibles (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows the Company expects to receive).

ECLs are discounted using the effective interest criterion of the financial asset.

Non-financial assets

At each reporting date, the Company tests whether there is objective evidence of impairment with respect to the carrying values of its nonfinancial assets, excluding, investment properties, inventories, assets arising from contracts, and deferred tax assets. If on the basis of this review, it appears that the assets are indeed impaired, the Company estimates their recoverable amount.

Share capital

In accordance with IAS 32, ordinary shares and other shares issued by the Company are classified as equity instruments.

Incremental costs directly attributable to the issuance of ordinary shares are recognized as a decrease in equity. Income taxes related to the transaction costs of an equity transaction are recognized in accordance with IAS 12.

Funds

The amount of the provisions is 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 specific risks associated with the liability.

Employee benefits

As of January 1, 2007, the 2007 Budget Law and its implementing decrees introduced significant changes in the rules governing severance pay, including the worker's choice as to whether to allocate his or her accruing severance pay to supplementary pension funds or to the "Treasury Fund" managed by INPS. It follows, therefore, that the obligation to INPS and the contributions to supplementary pension funds assume, under IAS 19, the nature of "Defined Contribution Plans," while the amounts registered for severance pay retain the nature 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 benefit that employees have accrued in exchange for service in the current and previous years; this benefit is discounted and the *fair value* of any plan assets are deducted from liabilities.

The calculation is performed by an independent actuary using the projected unit credit method. If the calculation generates a benefit to the Company, the amount of the asset recognized is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future plan contributions. In order to determine the present value of economic benefits, the minimum funding requirements applicable to any plan of the Company shall be considered.

Actuarial gains and losses, returns from plan assets (excluding interest), and the effect of the asset ceiling (excluding any interest) arising on remeasurements 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 defined benefit liability/(asset), the discount rate used to discount the defined benefit obligation, determined at the beginning of the year, considering 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, on the other hand, are recognized in net income/(loss) for the year.

When changes are made to a plan's benefits or when a plan is reduced, the portion of the economic benefit relating to past service or the gain or loss resulting from the reduction of the plan is recognized in net income/(loss) for the year when the adjustment or reduction occurs.

Share-based payments

The grant date *fair value* of incentives recognized in equity-settled share-based payment granted to employees is usually recognized as an expense, with a corresponding increase in equity, over the period during which employees earn the right to the incentives. The amount recognized as an expense is adjusted to reflect the actual number of incentives for which the conditions of continued employment and non-market performance have vested, so that the final amount recognized as an expense is based on the number of incentives that meet those conditions as of the vesting date. In the case of incentives recognized in share-based payment whose conditions are not to be considered vesting, the *fair value* as of the grant date of the share-based payment is measured to reflect those conditions. With respect to non-vesting conditions, any differences between the assumptions made on the grant date and the actual assumptions will have no impact on the financial statements.

The *fair value* of the amount payable to employees in respect of cash-settled share appreciation rights is recognized as an expense with a corresponding increase in the liability over the period during which employees accrue the unconditional right to receive payment. The liability is measured at each reporting date and the settlement date based on the *fair value* of the stock appreciation rights. Any changes in the *fair value* of the liability are recognized in net income/(loss) for the year.

Fair value assessments

Various accounting standards and certain disclosure requirements require the Company to measure the *fair value* of financial and non-financial assets and liabilities. In assessing the *fair value* of an asset or liability, the Company uses observable market data to the extent possible. *Fair values* are separated into various hierarchical levels based on the input data used in the valuation techniques, as illustrated below

- *Level 1*: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: Input data other than the quoted prices in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- *Level 3*: Input data related to the asset or liability that are not based on observable market data.

Fair value is the price that would be received at the measurement date for the sale of an asset or that would be paid for the transfer of a liability in a regular 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 a default risk.

Where available, the Company assesses the *fair value* of an instrument using the quoted price of that instrument in an active market. A market is active when transactions in the asset or liability occur with sufficient frequency and volume to provide useful pricing information on an ongoing basis.

In the absence of a quoted price in an active market, the Company uses valuation techniques by maximizing the use of observable input data and minimizing the use of unobservable input data. The chosen valuation technique includes all factors that market participants would consider in estimating the transaction price.

If an asset or liability measured at *fair value* has a bid and a ask price, the Company values the asset and long positions at the bid price and the liability and short positions at the ask price.

The best evidence of the *fair value* of a financial instrument at initial recognition is usually the transaction price (i.e., the *fair value* of the consideration given or received). If the Company notices 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 insignificant, 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. Thereafter, this difference is recognized in profit/(loss) for the period

over the life of the instrument by an appropriate method, but no later than when the valuation is fully supported by observable market data or the transaction is completed.

Operating area

IFRS 8 - Operating Segments - defines an operating segment as a component:

- Involving revenue- and cost-generating business activities;
- whose operational results are reviewed periodically at the highest decision-making level;
- For which separate economic and financial data are available.

The *Chief Operating Decision Maker* ("CODM") is identified in 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 contracts, and products in order to monitor business progress and take related decision-making actions.

In this regard, the Company's management has identified a single business segment. The substantially homogeneous type of business, together with the status of projects under development, does not allow the division into several segments subject to different risks and benefits from other business segments. In addition, the services provided, the nature of production processes, and the type of customers by product do not allow the Company's activities to be split into different business segments. Therefore, the Company believes that at present, an economic and financial representation by business and geographic segments would not provide a better representation and understanding of the business or its risks and rewards.

Changes in international accounting standards, interpretations and amendments

Below are the new accounting standards, interpretations and improvements issued by the IASB and adopted as of January 1, 2024:

Amendments to IFRS 16 - Liabilities for Leases in a Sale and leaseback (mandatory application from January 1, 2024)

The amendments introduce a new accounting model and require the landlord-seller to revalue transactions entered into since 2019. They are effective Jan. 1, 2024, and must be applied retrospectively. Early application is permitted.

This change had no impact on the Group.

Amendments to IAS 1 - Non-current liabilities with covenants and classification of current and non-current liabilities.

Under amendments to IAS 1 "Presentation of Financial Statements," the classification of some liabilities as current or noncurrent may change (e.g., convertible debt). In addition, companies may have to provide new disclosures for liabilities subject to covenants.

The changes apply as of January 1, 2024 and are to be applied retrospectively.

This change had no impact on the Group.

Accounting standards, amendments and interpretations not yet endorsed by the European Union as of December 31, 2024

The following accounting standards, amendments and interpretations have been issued by the IASB but not yet transposed by the EU:

- IFRS 18 - Presentation and Disclosure in Financial Statements (mandatory application from January 1, 2027);
- Amendments to IAS 21 - Impossibility of Foreign Exchange - (effective January 1, 2025);
- Amendments to IFRS 9 and IFRS 7- Amendments to the classification and measurement of financial investments (effective January 1, 2026);
- Amendments to IFRS 19 - Subsidiaries without public accountability: disclosures (effective January 1, 2027).

The Group has not early adopted any principles, interpretations or improvements issued but not yet in force.

The Group is still evaluating the possible impact related to the adoption of the new standards listed above, but from a preliminary *assessment*, no significant impact on the Group's consolidated financial statements is expected.

Disclosure pursuant to Article 149-duodecies of the Issuer Regulation i

<i>Figures in thousands of Euros</i>				
Type of services	Subject who provided the service	Recipient	notes	Total Compensation 2023
Auditing	Parent Company Auditor	Group leader		184.366
Other Services	(i) Auditor of the Parent Company	Group leader	1	31.850
Total				216.216

1) This item refers to the attestation related to the Research & Development Credit, the audits on Net Financial Debt as of March 31 and September 30, 2024, and the audits related to the IMMUNOSABR project.

Certification of the annual 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 Manager in charge of drafting the accounting and corporate documents of Philogen S.p.A., attest, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:

- a) The adequacy in relation to the characteristics of the enterprise and
- b) The effective application, of administrative and accounting procedures for the preparation of the annual financial statements during the period from January 1 to December 31, 2024.

It is also certified that the Company's Financial Statements as of December 31, 2024:

- is prepared in accordance with 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;
- corresponds to the findings in the books and records;
- is suitable to provide a true and fair representation of the Issuer's financial position, results of operations, and financial position.

The management report includes a reliable analysis of the performance and results of operations and the situation of the Issuer, together with a description of the main risks and uncertainties to which it is exposed.

Siena, March 27, 2025

Executive chairman (Duccio Neri)

Financial reporting manager (Laura Baldi)