Philogen
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PRESS RELEASE

PHILOGEN S.p.A.

THE BOARD OF DIRECTORS APPROVES THE ANNUAL FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022 (COURTESY ENGLISH TRANSLATION)

- **Revenues from customer contracts amounting to Euro 23,713 thousand** (Euro 2,496 thousand in 2021)
- **Positive EBITDA of Euro 3,021,000** (negative Euro 14,913,000 in 2021)
- **Positive EBIT of Euro 240,000** (negative Euro -16,775,000 in 2021)
- **Net result negative Euro 5,376 thousand** (net result negative Euro 15,725 thousand at 31 December 2021**)**
- **Net financial position of Euro 70,438 thousand** (Euro 85,184 thousand at 31 December 2021)

AT THE SAME MEETING, THE BOARD OF DIRECTORS RESOLVED, INTER ALIA, TO:

- **Propose that the Shareholders' Meeting authorize the purchase and disposal of treasury shares;**
- **Convene the Ordinary and Extraordinary Shareholders' Meetings.**

Siena (Italy), 28 March 2023 - the Board of Directors of Philogen S.p.A. (the "**Company**" or "**Philogen**") and, together with its Swiss subsidiary Philochem, (the "**Group**"), met today under the chairmanship of Dr. Duccio Neri and approved the financial statements and the consolidated financial statements for the year ended 31 December 2022, prepared in accordance with IAS/IFRS.

Dario Neri, CEO of Philogen, commented on the results for the year and the evolution of the business:

The Group closed the year 2022 with a positive operating result and a cash level of more than Euro 86 million, testifying to an efficient and targeted financial management, with the primary objective of continuing both its clinical development programme and the business projects envisaged in the industrial plan, in a year that put the biotech sector, which is notoriously exposed to a high cash burn, to the test. The Group demonstrated its ability to create value from multiple assets and to sustain balanced development, thanks also to its strong level of business integration.

The Phase III trial of Nidlegy™ in melanoma has completed enrolment of the 214 patients envisaged in the clinical protocol. The Fibromun registrational trials are continuing on schedule, supported by substantial investments aimed at opening the best clinical centres in the field. The Company also reported a high objective response rate in both basal cell carcinoma with Nidlegy™ and recurrent glioblastoma with Fibromun, with a significantly higher rate than those reported by standard drugs. This new data confirms the quality and versatility of our products, which are applicable in different oncological indications.

In 2023, Philogen will work towards not only completing the Phase III Nidlegy™ trial in melanoma, which we anticipate will reach the necessary events for study read-out, but also on expanding and accelerating its activities in basal cell carcinoma. The remarkable results we have obtained thus far have motivated us to devote additional resources to this area.

Following the completion of Phase I in Switzerland of the Fibromun study in recurrent Glioblastoma, the trial will continue with randomised Phase II in Switzerland, France, Germany, Italy and the United States.

The Company has continued to develop innovative technologies and publish articles in leading journals in its field, including Chem, Clinical Cancer Research, Journal of Nuclear Medicine, European Journal of Nuclear Medicine and Molecular Imaging, Analytical Chemistry and Journal of Immunotherapy of Cancer. Philogen will be pleased to keep the financial community updated on the progress of the Pipeline of the future.

Finally, we expect that the new GMP plant in Rosia, completed in 2022, may also receive authorisation in 2023, as previously announced."

CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

The Group's total revenue amounted to Euro 27,295 thousand, an increase of Euro 22,321 thousand compared to the year ended 31 December 2021 and consisted of (i) Revenue from contracts with customers in the amount of Euro 23,713 thousand and (ii) Other Income in the amount of Euro 3,582 thousand.

This change is mainly related to revenues from contracts with customers generated by existing contracts and, residually, to operating grants and equipment grants, granted in the form of tax credits, from which the Group continuously benefits by virtue of its research activities which include, but are not limited to, the research and development tax credit and the technological innovation tax credit, as well as the Industry 4.0 tax credit related to the investments incurred for the construction and interconnection of the new facility at the Rosia (Siena) site.

Operating expenses amounting to Euro 24,274,000, an increase of Euro 4,397,000 compared to the year ended 31 December 2021, mainly consisted of costs for production materials, costs for clinical and pre-clinical services, personnel costs and other operating expenses. The increase, net of the extraordinary costs incurred in the first quarter of 2021 for the IPO transaction, amounted to approximately 29% and was mainly attributable to (i) the increase in costs for materials and services related to the Group's core business activities, and (ii) the increase in personnel costs in implementation of the recruitment plan aimed at strengthening the main strategic departments. As of 31 December 2022, the Group had 157 employees, an increase of 21% from the previous year.

EBITDA increased from a negative value of Euro 14,913 thousand at 31 December 2021 to a positive value of Euro 3,021 thousand at 31 December 2022, an increase of Euro 27,935 thousand. This result shows how the Group closes the year 2022 with a positive operating result, reaching the break-even point in the year following the listing on the Stock Exchange and in full compliance with the development of the pre-established clinical and industrial plans.

Depreciation and amortisation amounting to Euro 2,782,000 showed an increase of approximately 50% compared to the period ended 31 December 2021 due to the commissioning and interconnection of the new facility at the Rosia (Siena) site. The structural works and equipment of this production site started in the financial year 2020 and were completed in the financial year 2022. The total investment amounted to approximately Euro 12,000 thousand, of which over Euro 2,600 thousand were recovered thanks to the Industry 4.0 tax credit. The new plant complies with the highest regulatory standards for the production of therapeutic protein drugs and will mainly be used for the production of commercial pharmaceuticals. The company is currently awaiting inspection by the regulatory authority, which, if successful, will issue the appropriate authorisation for GMP production.

EBIT, calculated as the difference between EBITDA and depreciation and amortisation, showed a positive balance of Euro 240,000 as of 31 December 2022, compared to a negative balance of Euro 16,775,000 as of 31 December 2021, continuing to testify to the Group's balanced development.

Net financial management for the year ended 31 December 2022 showed a negative net result of Euro 4,599 thousand, compared to a positive net result of Euro 1,535 thousand for the year ended 31 December 2021. This change is mainly attributable to the accounting requirement to present monetary items in foreign currencies converted with the exchange rate as of 31 December 2022, as well as to value the portfolio of financial investments at the current value at year-end, regardless of what will be their actual realisation value.

In particular, the net balance between financial income and expenses was mainly affected by the "valuation" component for over Euro 3,629 thousand, of which (i) net capital losses from the fair value valuation of financial assets in the amount of Euro 2,879 thousand, (ii) net foreign exchange valuation losses in the amount of Euro 750,000 thousand, while the "realised" component was affected by Euro 969,000 thousand, consisting of (iii) capital losses from the realisation of financial assets for Euro 290,000 thousand, (iv) net realised foreign exchange losses for Euro 274,000 thousand, and (v) interest expenses and other charges for Euro 405,000 thousand.

The economy experienced a downturn in 2022, caused by high levels of inflation, which affected commodity and energy prices, a rise in interest rates, strong volatility in exchange rates and instability and weakness in the financial markets. It is precisely these last three factors that have influenced the Group's financial performance, affecting the valuation of items in foreign currencies (the Group operates with foreign currencies other than the euro, such as the dollar and the Swiss franc) and the fair value of the securities portfolio (the Group invests the cash surplus of its core business in readily liquid financial instruments). The instability of the financial economic environment described above led Company management in the course of 2022 to revise the parameters set forth in the 'Investment Management Policy' amended and approved in October 2022 by the Board of Directors. Evidence to date shows a trend of reabsorption and contraction of this negative variation. Lastly, as evidence of the exceptional nature of the situation, it should be noted that Italian regulations have allowed those who prepare financial statements with the OIC standards not to show these latent capital losses in the financial statements, as instead is required by the IFRS standards adopted by the Company.

Taxes amounted to Euro 1,017 thousand, an increase of Euro 532 thousand compared to the previous year, and are attributable to (i) Euro 383 thousand for current taxes, related to the higher revenues recorded in the year, and will be paid in the year 2023 and (ii) Euro 633 thousand to the reversal of deferred taxes, recorded during the transition to IAS/IFRS, which only represent an accounting exposure as they do not generate cash movements. It should be noted that, in observance of prudence, the Company has not recognised deferred tax assets amounting to Euro 13,343,000 related to past tax losses accumulated until 31 December 2022. This high latent tax benefit can be exploited when taxable operating profits are recorded, generating considerable future cash savings.

The result for the period, mainly influenced by the net financial management result, showed a loss of Euro 5,376,000, an improvement over the loss of Euro 15,725,000 at 31 December 2021.

At 31 December 2022, the net financial position, was Euro 70,438thousand, compared to a net financial position, of Euro 85,184 thousand at 31 December 2021. Cash absorption for the year amounted to about Euro 15,000 thousand with an average of Euro 3,700 thousand per quarter.

The following table shows the Philogen Group's Net Financial Indebtedness as of 31 December 2022, prepared in accordance with ESMA Guideline 32-382-1138 of 4 March 2021 and Consob's Attention Reminder No. 5/21:

Figures in thousands **Net financial debt**	**31 December 2022**	**30 September 2022**	**30 June 2022**	**31 March 2022**	**31 December 2021**
(A) Cash and cash equivalents	8,436	5,400	11,465	2,852	8,880
(B) Cash equivalents	16,000	-	-	-	-
(C) Other current financial assets	61,764	86,932	86,874	89,741	92,797
(D) Liquidity (A+B+C)	**86,200**	**92,332**	**98,339**	**92,593**	**101,677**
(E) Current financial debt	29	20	24	12	9
(F) Current portion of non-current financial debt	1,726	1,656	1,631	1,816	1,799
(G) Net current financial debt (E+F)	**1,755**	**1,677**	**1,655**	**1,827**	**1,808**
(H) NET CURRENT FINANCIAL DEBT (G-D)	**(84,445)**	**(90,656)**	**(96,684)**	**(90,766)**	**(99,870)**
(I) Non-current financial debt	14,007	14,427	14,570	14,421	14,685
(J) Debt instruments	-	-	-	-	-
(K) Trade and other current payables	-	-	-	-	-
(L) Non-current financial debt (I+J+K)	14,007	**14,427**	**14,570**	**14,421**	**14,685**
(M) NET FINANCIAL DEBT (H+L)	**(70,438**)	**(76,229)**	**(82,114)**	**(76,345)**	**(85,184)**

The Group closed the fourth quarter of 2022 with liquidity of Euro 86,200 thousand compared to Euro 101,677 thousand as of 31 December 2021, and a positive net financial position as of 31 December 2022 of Euro 70,438 thousand, compared to a net financial position of Euro 85,184 thousand as of 31 December 2021 (showing an overall percentage decrease of about 17% compared to 31 December 2021).

Between the third and fourth quarters of 2022, the net financial position went from Euro 76,229 at 30 September 2022 to Euro 70,438 at 31 December 2022, a decrease of about 8%. In the same period, liquidity decreased from Euro 92,332 thousand at 30 September 2022 to Euro 86,200 thousand at 31 December 2022, a decrease of about 7%. The latter change is mainly attributable to the net balance between (i) receipts for research and development contracts in progress for Euro 1,299 thousand, (ii) costs of ordinary operations for about Euro 6,852 thousand, (iii) investments for the construction of the new GMP plant in Rosia (Siena) for about Euro 857 thousand, (iv) purchase of treasury shares for about Euro 169 thousand, (v) the net positive change in the fair value of the securities portfolio for about Euro 462 thousand.

For the sake of clarity, it should be noted that as of 31 December 2022, the Group has approximately Euro 10,000 thousand of tax credits that can be used to offset future cash outflows from ordinary operations, contributing positively to future cash savings. These credits are usable in equal annual instalments and are shown under non-current assets for the portion of credit usable beyond the year.

Current and non-current financial indebtedness decreased from Euro 16,103 thousand at 30 September 2022 to Euro 15,763 thousand at 31 December 2022, showing a decrease of approximately Euro 341,000 thousand due to the advancement of the amortisation plans of existing loans. It should be noted that financial indebtedness is represented for about Euro 11,892 thousand by the accounting representation of the debt inherent to the lease contracts of the three corporate sites, represented according to the international accounting standard (IFRS 16) and only the remaining part, amounting to Euro 3,781 thousand, is relative to the loan stipulated to partially finance the expansion project of the Rosia

(Siena) production site.

MAIN EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

The Group continues with the share buyback programme approved on 24 November 2021 by the Company's Board of Directors, which started on 1 December 2021 and runs for 18 months from approval

Since the start of the programme and until 17 March 2022, Philogen has purchased 211,791 number of ordinary shares (equal to 0.5215% of the share capital), for a total value of 3,059,148.70 Euros.

In view of the programme' s expiry in May 2023, the Board of Directors resolved on 28 March 2023 to submit to the Shareholders' Meeting a new programme for the purchase and disposal of treasury shares.

The Company also plans to finalise the 2022 Sustainability Report by the end of April 2023, in order to submit it to the Board of Directors for approval at the meeting that is scheduled, according to the financial calendar, for 11 May 2023.

Lastly, it should be noted that on the two bank loans in place, contracted to partially finance the new GMP facility (Rosia), there is an interest hedging derivative that the Company extinguished on 10 March 2023, collecting Euro 243,000 thousand.

FORESEEABLE EVOLUTION OF OPERATIONS

During the year ended 31 December 2022, the rate of patient enrolment increased. This increase is related to the general variable trend of patient enrolment speed from year to year, the improvement of the situation related to the COVID-19 emergency, and the opening of new clinical centres. In order to further accelerate recruitment, the Group is opening new centres in several European and non-European countries for the various ongoing studies conducted with its proprietary drugs.

The Group also plans the following scientific events in early 2023:

- Nidlegy™ is a biopharmaceutical product, proprietary to Philogen, designed for the treatment of skin cancer.

The European Phase III study in Stage IIIB/C melanoma reached enrolment of 214 patients in 2022. The clinical activities associated with the study (e.g. patient monitoring) will continue in 2023 at the 22 centres involved in France, Italy, Germany and Poland. As of the date of this release, the study reports 86 events out of the 95 required for the trial read-out (one event corresponds to a disease recurrence or patient death). The 95th event is expected to be reached by the end of 2023.

Patient enrolment in the US Phase III study in Stage IIIB/C melanoma continues in line with company plans. As of the date of this press release, 30 centres have been opened (19 in 2022, 5 in 2023). Additional centres will be opened during 2023.

Two Phase II studies are ongoing in 'High-Risk' Basal Cell Carcinoma (BCC) and other non-melanoma skin cancers. The Group is working to accelerate activities in BCC, based on the high rate of durable complete remissions (clinical and/or pathological CR) observed in patients treated with Nidlegy™. More information on the CR rate will be announced in 2023. The CR rate of competitor products (Odomzo™, Erivedge™, Libtayo™) is 5-6%. Clinical activities will also continue for other non-melanoma skin cancers (e.g. squamous cell carcinoma).

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

The European Phase III study in the first-line STS, in combination with doxorubicin, continues in line with company plans. As of the date of this press release, 17 clinical centres have been opened (12 in 2022) and 59 patients have been enrolled out of the 118 planned in the protocol. The study will continue in 2023 in Germany, Italy, Spain, Poland and France.

The US Phase IIb study in first-line leiomyosarcoma in combination with doxorubicin is ongoing at 9 clinical centres in the US. It should be noted 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. As of the date of this press release, the trial has enrolled 23 patients of the 92 patients envisaged by the protocol and is ongoing at 8 clinical centres. Additional centres are in the process of being activated.

The Phase I/II study in second-line Glioblastoma in combination with lomustine has completed the so-called Phase I Dose Escalation after enrolling 15 patients in 3 cohorts. The benefits of the investigational therapy, both in terms of survival and long-lasting objective responses (i.e., in some cases for more than 15 months), are to date substantially higher than the history reported with standard drugs (e.g., Lomustine alone*)*. The Company will continue to update the financial community in 2023 on the progress of the Phase I patients. The 5andomized Phase II trial with 158 patients is expected to start in the first half of 2023. Regulatory activities aimed at opening 18-20 clinical centres in Germany, Italy, Switzerland, France and the US are ongoing.

The Phase I/II/IIb study in first-line Glioblastoma in combination with radiotherapy and temozolomide continues at the University Hospital of Zurich. As of the date of this press release, cohort 3 is ongoing out of the 5 cohorts foreseen for the Phase I trial.

- OncoFAP is a small organic molecule with high affinity for Fibroblast Activation Protein (FAP). FAP is highly expressed in over 90% of epithelial tumours. The Company is currently developing several pharmaceutical derivatives based on the OncoFAP ligand.

The radio-diagnostic derivative ^{68}Ga-OncoFAP is being studied in a Phase I clinical trial in patients with solid tumours. The study has been approved by AIFA and is conducted in Italy.

A Company-sponsored clinical study of the radio-therapeutic derivative ^{177}Lu-OncoFAP-23 is scheduled to start by the end of 2023.

Preclinical experiments with OncoFAP-GlyPro-MMAE (an OncoFAP derivative conjugated to cytotoxic drugs) are ongoing.

- Licensed products

Partnerships continue on (i) Dodekin (Confidential Partner), (ii) Dekavil (Pfizer) and (iii) small organic molecules (Janssen and Bracco).

Publication of a new study with Google has been reported on BioRXiv, which is focused on Machine Learning models applied to DNA-Encoded Chemical Library Technology.

- New GMP plant Rosia (Siena)

The AIFA inspection of the new GMP production plant in Rosia is expected in 2023. The inspection is aimed at approving the new GMP facility for commercial purposes. It should be noted that this facility will join the existing GMP plant in Montarioso (Siena), which was strengthened in 2021 and is dedicated to the production of experimental drugs.

The Group is therefore consolidating its core business by conducting experimental clinical trials with its proprietary drugs, while at the same time planning some industrial activities aimed at the commercialisation of its drugs.

As part of the above industrial activities, the Group is evaluating the possibility of a collaboration with a partner (with a strong track-record in the dermato-oncology sector) for the distribution activities of its Nidlegy™ product in the European territory, reserving for itself the exclusive rights for exploitation of Nidlegy™ in the US territory.

ANNUAL FINANCIAL STATEMENTS OF THE PARENT COMPANY PHILOGEN S.P.A.

The Board of Directors approved the parent company Philogen S.p.A.'s draft annual financial statements.

Total revenues of the Company amounted to Euro 10,130 thousand, an increase of Euro 5,307 thousand compared to the year ended 31 December 2021 and consisted of (i) Revenues from contracts with customers of Euro 6,639 thousand and (ii) Other income of Euro 3,491 thousand. This change is mainly attributable to (i) the advancement of revenues for research and development services, third-party production, milestones and up-front payments under current customer contracts and (ii) the increase of about 55% compared to the previous year in other income, mainly related to tax benefits provided by the applicable regulations from which the Company benefits.

Operating expenses of Euro 20,264,000, an increase of Euro 3,226,000 compared to the year ended 31 December 2021, are mainly composed of costs for production materials, costs for clinical and pre-clinical services, personnel costs and other operating costs. The change is net of the extraordinary costs incurred in the first quarter of 2021 for the IPO transaction and is mainly attributable to (i) the increase in costs for materials and services related to the Company's core business activities, and (ii) the increase in personnel costs in implementation of the recruitment plan aimed at strengthening the main strategic departments.

Consequently, EBITDA increased from a negative Euro 12,216 thousand at 31 December 2021 to a negative Euro -10,143 thousand at 31 December 2022.

Depreciation and amortisation showed an increase of over 66% compared to the period ended 31 December 2021 due to the entry into operation of the investments incurred for the equipment and interconnection of the new facility at the Rosia (Siena) site. At 31 December 2022, the new facility was in operation in order to carry out the activities required to obtain the AIFA authorisation necessary for the production of drugs.

EBIT, calculated as the difference between EBITDA and depreciation and amortisation, showed a negative balance of Euro 12,479,000 at 31 December 2022, compared to a negative balance of Euro 13,622,000 at 31 December 2021.

Net financial management for the year ended 31 December 2022 showed a negative net result of Euro 3,441 thousand (positive for Euro 1,674 thousand in the year ended 31 December 2021). This result, as shown in the table reported above, is made up of (i) net valuation losses of Euro 2,879 thousand related to changes in the fair value of the securities portfolio, (ii) net realised capital losses of Euro 290 thousand, (iii) net foreign exchange gains of Euro 46 thousand, consisting of net valuation gains of Euro 28 thousand and net realised foreign exchange gains of Euro 18 thousand, and (iv) interest expenses and other charges of Euro 318 thousand.

The Participation Result went from a negative value as of 31 December 2021 of Euro 2,308,000 to a positive value as of 31 December 2022 of Euro 10,187,000. This change is related to the excellent results achieved in 2022 by the subsidiary Philochem AG.

Taxes amounting to Euro 608 thousand, an increase of Euro 104 thousand compared to the previous year, refer exclusively to the reversal of the tax effects recognised during the transition to IAS/IFRS. The Company's tax position shows past tax losses of over Euro 55,594 thousand, also generated by the tax benefits from which the Company, as a result of the research activity performed, benefits permanently, and which will lead to a future tax benefit of about Euro 13,343 thousand.

The result for the period, as a consequence of the above, shows a loss of Euro 6,341,000 compared to a loss of Euro 14,759,000 as of 31 December 2021.

As of 31 December 2022, the net financial position was Euro 64,701 thousand, compared to a net financial position of Euro 90,412 thousand as of 31 December 2021.

PROPOSAL TO COVER THE LOSS FOR THE YEAR

The Board of Directors resolved to propose to the Shareholders' Meeting that the loss for the year ended 31 December 2022, amounting to Euro 6,340,980.81, be fully covered by utilising the 'Share Premium Reserve'**.**

OTHER SIGNIFICANT BOARD RESOLUTIONS

1) Authorisation for Purchase and Disposal of Treasury Shares

The Board of Directors resolved to propose to the Shareholders' Meeting, subject to revocation of the Shareholders' Meeting authorisation of 24 November 2021 for the portion not executed, to authorize the purchase, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, on one or more occasions and within 18 months from the date of the resolution, of Philogen S.p.A. ordinary shares up to a maximum number that, taking into account the ordinary shares of Philogen S.p.A. held from time to time in the Company's portfolio and those of its subsidiaries, does not exceed a total of 1.23% of the Company's share capital on the date the purchase is made.

2) Proposal to amend Articles 18 (Meetings of the Board of Directors) and 21 (Remuneration of the Board of Directors) of the Articles of Association

The Board of Directors resolved to propose to the Shareholders' Meeting to amend Articles 18 (Meetings of the Board of Directors) and 21 (Remuneration of the Board of Directors) of the Articles of Association, for the reasons stated in the relevant report to the Shareholders' Meeting.

3) Convocation of the Ordinary and Extraordinary Shareholders' Meeting

The Board of Directors mandated the Chairman to convene the Company's Ordinary and Extraordinary Shareholders' Meeting in a single call on 28 April 2023 to resolve the approval of the financial statements for the year ending 31 December 2022, the report on the remuneration policy and remuneration paid, the authorisation to purchase and dispose of treasury shares, and the amendment of Articles 18 and 21 of the Articles of Association.

The notice of call of the Shareholders' Meeting and the documents relating to the items on the agenda as provided for by the regulations in force will be made available to the public, within the terms and according to the procedures provided for by the laws and regulations in force.

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Pursuant to Article *154-bis,* paragraph 2, of Legislative Decree No. 58/1998, the Financial Reporting Officer, Laura Baldi, declares that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

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In line with the recommendations contained in the ESMA/2015/1415 guidelines of 5 October 2015, it should be noted that this press release includes certain indicators that, although not envisaged by IFRS, derive from financial aggregates envisaged by IFRS. These indicators - which are presented in order to allow for a better assessment of the Group's performance - are not to be considered as alternatives to those envisaged by IFRS and are consistent with those reported in the Report and Financial Statements as of 31 December 2020. It should also be noted that the methods used to determine these indicators, since they are not specifically regulated by the reference accounting standards, may not be homogeneous with those adopted by others and, therefore, these indicators may not be adequately comparable. In compliance with Consob Communication No. 9081707 of 16 September 2009, it should be noted that neither the alternative performance indicators nor the accounting schedules attached hereto, have been audited by the Independent Auditors.

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Philogen Group Description

Philogen is an Italian-Swiss biotechnology company specialising in the research and development of pharmaceuticals for the treatment of highly lethal diseases. The group mainly discovers and develops targeted anticancer drugs by exploiting high-affinity ligands for tumour markers (also called tumour antigens). These ligands - human monoclonal antibodies or small organic molecules - are identified using *Antibody Phage Display Libraries* and DNA-Encoded *Chemical Libraries* technologies.

The Group's main therapeutic strategy for the treatment of these diseases is *tumour targeting*. This approach is based on the use of ligands capable of selectively delivering very potent therapeutic actives (such as pro-inflammatory cytokines) to the tumour mass, while sparing healthy tissue. Over the years, Philogen has mainly developed monoclonal antibody-based ligands, specific for antigens expressed in blood vessels associated with tumours, but not expressed in blood vessels associated with healthy tissues. These antigens are usually more abundant and more stable than those expressed directly on the surface of tumour cells. This approach, so-called *vascular targeting*, is used for most of the projects pursued by the Group.

The Group's objective is to generate, develop and market innovative products for the treatment of diseases for which medical science has not yet identified satisfactory therapies. This is achieved by exploiting (i) proprietary technologies for the isolation of ligands that react with antigens present in certain diseases, (ii) expertise in the development of products targeted to the tissues affected by the disease, (iii) experience in the production and development of drugs, and (iv) the Group's extensive portfolio of patents and intellectual property rights.

Although the Group's drugs are mainly oncological applications, the *targeting* approach is also potentially applicable to other diseases, such as certain chronic inflammatory diseases.

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FOR FURTHER INFORMATION:

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Philogen Group

RECLASSIFIED CONSOLIDATED PROFIT AND LOSS ACCOUNT AS AT 31 DECEMBER 2022

Figures in thousands and percent	Year ended 31 December				Variations	
	2022	**%**	**2021**	**%**	**2022 vs. 2021**	**%**
Revenues from contracts with customers	23,713	100.0%	2,496	100.0%	21,217	850.0%
Other income	3,582	15.1%	2,468	98.9%	1,114	45.1%
Total Revenues	**27,295**	**115.1%**	**4,964**	**198.9%**	**22,331**	**449.9%**
Operating costs (*)	(24,275)	(102.4)%	(19,877)	(796.3)%	(4,397)	22.1%
EBITDA (**)	**3,021**	**12.7%**	**(14,913)**	**(597.5)%**	**17,934**	**(120.3)%**
Depreciation	(2,782)	(11.7)%	(1,862)	(74.6)%	(920)	49.4%
EBIT	**240**	**1.0%**	**(16,775)**	**(672.0)%**	**17,014**	**(101.4)%**
Financial income	1,548	6.5%	2,581	103.4%	(1,033)	(40.0)%
Financial charges	(6,147)	(25.9)%	(1,046)	(41.9)%	(5,101)	487.7%
Profit before tax	**(4,359)**	**(18.4)%**	**(15,240)**	**(610.6)%**	**10,880**	**(71.4)%**
Taxes	(1,017)	(4.3)%	(485)	(19.4)%	**(532)**	109.7%
Profit (Loss) for the Period	**(5,376)**	**(22.7)%**	**(15,725)**	**(630.0)%**	**10,348**	**(65.8)%**

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

(**) EBITDA is the operating result before depreciation and amortisation. EBITDA is a measure defined and used by the Group to monitor and evaluate the Group's operating performance. The Company believes that EBITDA is an important parameter for measuring the Group's performance as it allows the analysis of the Group's margins by eliminating the effects of non-recurring economic elements. Since EBITDA is not a measure whose determination 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 homogenous with that adopted by other groups, and therefore may not be comparable.

Philogen Group

RECLASSIFIED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

Figures in thousands and percent	**Year ended 31 December**		**Variations**	
	2022	**2021**	**2022 vs. 2021**	**%**
Employment				
Property, Plant and Equipment	12,699	10,984	1,715	15.6%
Intangible Assets	1,218	950	268	28.2%
Activities by right of use	9,862	10,005	(144)	(1.4)%
Other non-current assets (**)	2,987	1,656	1,331	80.3%
Deferred tax assets	98	674	(576)	(85.4)%
Employee benefits	(960)	(1,033)	73	(7.1)%
Deferred tax liabilities	(191)	(183)	(8)	4.4%
Other non-current liabilities (**)	(1,962)	(156)	(1,806)	1156%
Net fixed assets (*)	**23,751**	**22,897**	**6854**	**3.7%**
Inventories	1,922	1,295	627	48.5%
Contract Activities	2,300	87	2,213	2538.6%
Trade receivables	885	688	197	28.6%
Tax Credits (**)	6,796	4,084	2,712	66.4%
Other current assets	860	653	206	31.6%
Trade payables	(6,352)	(5,826)	(526)	9.0%
Liabilities under contract	-	(2,233)	2,233	(100.0)%
Tax debts	(669)	(309)	(360)	116.8%
Other current liabilities	(2,010)	(1,433)	(577)	40.3%
Net working capital (*)	**3,732**	**(2,994)**	**6,726**	**(224.6)%**
Net invested capital (*)	**27,483**	**19,903**	**7,580**	**38.1%**
Sources				
Shareholders' Equity	97,921	105,087	(7,166)	(6.8)%
Net financial debt (*)	(70,438)	(85,184)	14,746	(17.3)%
Total sources	**27,483**	**19,903**	**7,580**	**38.1%**

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

(**) In order to improve the comparability of information between financial years, the following reclassifications have been made to the comparative data at 31 December 2021, although they are not considered material or significant: (i) Euro 1.656 thousand from "Tax receivables" to "Other non-current assets" for tax receivables available to the Company and which, in accordance with reference regulations, can be used as offsets beyond the next financial year and (ii) Euro 156 thousand from "Other current liabilities" to "Other non-current liabilities" for the portion of the capital contribution related to the Industria 4.0 Credit that will be released to the income statement beyond the next financial year in connection with the depreciation of the related asset.

Philogen Group

CONSOLIDATED CASH FLOW STATEMENT AS AT 31 DECEMBER 2022

Figures in thousands of Euro	Year ended 31 December			
	2022	*Of which with related parties*	**2021**	*Of which with related parties*
Cash flows from operating activities				
Result for the period	(5,376)	(3,066)	(15,725)	*(2,853)*
Adjustments for:				
Depreciation of tangible and intangible assets	2,782	(798)	1,862	*747*
Net financial income/(expenses)	4,599	(344)	(1,535)	*343*
Provisions for employee funds and benefits	198		121	
Provisions for group incentive plans	104		21	
Income Taxes	1,017		485	
Other non-monetary adjustments	(1,093)		(48)	
Variations of:				
Inventories	(621)		(515)	
Contract Activities	(2,212)		121	
Trade receivables	368	(642)	(149)	
Liabilities under contract	(2,233)		(1,922)	
Trade payables	486	(3)	1,709	*20*
Other Assets and Liabilities (*)	(1,900)	123	(2,996)	
Utilisation of funds and employee benefits	(172)		(36)	
Interest paid	(886)		(417)	
Income Taxes Paid	-		(8)	
Cash flow from/(used in) operating activities (A)	**(4,939)**	**(4,730)**	**(19,032)**	***(1,743)***
Cash flows from investing activities				
Interest received	209		164	
Proceeds from the sale of financial assets	54,431		1,743	
Purchase of property, plant and equipment	(3,853)		(6,550)	
Purchase of intangible assets	(358)		(268)	
Purchase of other financial assets	(26,232)		(42,860)	
Cash flow generated/absorbed by investing activities (B)	**24,197**	**-**	**(47,771)**	**-**
Cash flows from financing activities				
Proceeds from the issue of shares	-		65,404	
Proceeds from the assumption of financial liabilities	-		-	
Repayment of financial liabilities	(1,050)		(1,074)	
Payment of lease liabilities	(808)	*(808)*	(738)	*(738)*
Purchase of own shares	(1,924)		(537)	
Cash flow generated/absorbed by financing activities (C)	**(3,782)**	***(808)***	**63,055**	***(738)***
Increase in cash from merger (D)	**-**		**560**	
Total cash flow (A + B + C + D)	**15,476**	***(5,538)***	**(3,188)**	***(2,481)***
Opening cash and cash equivalents	**8,880**		**11,958**	
Change in cash and cash equivalents for the period	15,476		(3,188)	
Translation effect on liquid assets	80		110	
Closing cash and cash equivalents	**24,436**		**8,880**	

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

Philogen S.p.A.

RECLASSIFIED PROFIT AND LOSS ACCOUNT AS AT 31 DECEMBER 2022

Figures in thousands and percent	Year ended 31 December				Variations	
	2022	**%**	**2021**	**%**	**2022 vs. 2021**	**%**
Revenues from contracts with customers	6,639	100.0%	2,581	100.0%	4,058	157.2%
Other income	3,491	52.6%	2,242	86.9%	1,249	55.7%
Total Revenues	**10,130**	**152.6%**	**4,823**	**186.9%**	**5,307**	**110.0%**
Operating costs (*)	(20,264)	(305.2)%	(17,039)	(660.2)%	(3,225)	18.9%
EBITDA(**)	**(10,134)**	**(152.6)%**	**(12,216)**	**(473.3)%**	**2,082**	**(17.0)%**
Depreciation	(2,345)	(35.3)%	(1,406)	(54.5)%	(939)	66.8%
EBIT	**(12,479)**	**(188.1)%**	**(13,622)**	**(527.8)%**	**1,143**	**(8.4)%**
Financial income	1,470	22.1%	2,559	99.2%	(1,089)	(42.6)%
Financial charges	(4,911)	(74.0)%	(885)	(34.3)%	(4,026)	454.9%
Result from participations	10,187	153.4%	(2,308)	(89.4)%	12,495	(541.4)%
Profit before tax	**(5,733)**	**(86.4)%**	**(14,256)**	**(552.4)%**	**8,523**	**(59.8)%**
Taxes	(608)	(9.2)%	(504)	(19.5)%	(104)	20.6%
Profit (Loss) for the Year	**(6,341)**	**(95.5)%**	**(14,759)**	**(571.9)%**	**8,418**	**(57.0)%**

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

(**) EBITDA is the operating result before depreciation and amortisation. EBITDA is a measure defined and used by the Group to monitor and evaluate the Group's operating performance. The Company believes that EBITDA is an important parameter for measuring the Group's performance as it allows the analysis of the Group's margins by eliminating the effects of non-recurring economic elements. Since EBITDA is not a measure whose determination 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 homogenous with that adopted by other groups, and therefore may not be comparable.

Philogen S.p.A.

RECLASSIFIED BALANCE SHEET AS AT 31 DECEMBER 2022

Figures in thousands and percent	As at 31 December		Variations	
	2022	**2021**	**2022 vs. 2021**	**%**
Employment				
Property, Plant and Equipment	11,435	9,769	1,666	17.1%
Intangible Assets	944	759	185	24.4%
Activities by right of use	6,750	6,839	(89)	(1.3)%
Participations	10,467	-	10,467	-
Other **non-current** assets (**)	2,987	1,656	1,331	80.4%
Deferred tax assets	98	664	(566)	(85.2)%
Employee benefits	(960)	(1,033)	73	(7.1)%
Other non-current liabilities (**)	(1,962)	(156)	(1,806)	1157.7%
Deferred tax liabilities	(135)	(145)	10	(7.1)%
Net fixed assets (*)	**29,624**	**18,353**	**12,772**	**61.4%%**
Inventories	1,786	1,166	620	53.2%
Contract Activities	2,300	52	2,248	4323.1%
Trade receivables	1,361	727	634	87.2%
Tax Credits (**)	6,715	4,005	2,710	67.7%
Other current assets	616	541	75	14.0%
Trade payables	(7,128)	(5,593)	(1,535)	27.4%
Liabilities under contract	-	(2,233)	2,233	(100.0)%
Tax debts	(286)	(309)	23	(7.4)%
Other current liabilities (**)	(1,767)	(1,068)	(699)	65.4%
Net working capital (*)	**3,595**	**(2,712)**	**6,307**	**(232.6)%**
Net invested capital (*)	**33,219**	**15,640**	**17,579**	**112.4%**
Sources				
Shareholders' Equity	97,921	106,053	(8,132)	(7.7)%
Net financial debt (*)	(64,701)	(90,412)	25,711	(28.4)%
Total sources	**33,219**	**15,640**	**17,579**	**112.4%**

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

(**) In order to improve the comparability of information between financial years, the following reclassifications have been made to the comparative data at 31 December 2021, although not deemed relevant or material: (i) Euro 1.656 thousand from "Tax receivables" to "Other non-current assets" for tax receivables available to the Company and which, in accordance with reference regulations, may be used as offsets beyond the next financial year and (ii) Euro 156 thousand from "Other current liabilities" to "Other non-current liabilities" for the portion of the capital contribution related to the Industria 4.0 Credit that will be released to the income statement beyond the next financial year in connection with the depreciation of the related asset

Philogen S.p.A.

CASH FLOW STATEMENT AS AT 31 DECEMBER 2022

Data in Euro	**2022**	*Of which with related parties*	**2021**	*Of which with related parties*
Cash flows from operating activities				
Operating result	(6,341)	*5,972*	(14,759)	*(5,584)*
Adjustments for:				
Depreciation of tangible and intangible assets and assets for right of use	2,345	*592*	1,406	*555*
Net financial income/(expenses)	3,441	*261*	(1,674)	*201*
Provisions for employee funds and benefits	198		122	
Provision for stock grant plans	104	67	21	13
Income Taxes	608		504	
Write-downs/(reinstatements of holdings)	(10,187)	(10,187)	2,308	*2,308*
Other non-monetary adjustments	(1,253)		(231)	
Variations of:				
Inventories	(620)		(454)	
Contract Activities	(2,248)		(52)	
Trade receivables	(107)	(1,172)	26	*(106)*
Liabilities under contract	(2,233)		(1,922)	
Trade payables	1,535	736	636	*(978)*
Other Assets and Liabilities*	(1,634)	124	(2,748)	
Utilisation of funds and employee benefits	(172)		(36)	
Interest paid	(807)		(275)	
Income Taxes Paid	-		-	
Cash flow generated/absorbed by operations (A)	**(17,370)**	**(3,608)**	**(17,129)**	***(3,590)***
Cash flows from investing activities				
Interest received	217		169	
Proceeds from the sale of property, plant and equipment	-		-	
Proceeds from the sale of financial assets	57,300		1,743	
Purchase of property, plant and equipment	(3,659)		(6,498)	
Purchase of intangible assets	(358)		(171)	
Purchase of other financial assets	(26,232)		(45,730)	*(2,870)*
Cash flow generated/absorbed by investing activities (B)	**27,267**	**-**	**(50,488)**	***(2,870)***
Cash flows from financing activities				
Proceeds from the issue of shares	-		65,404	
Proceeds from the assumption of financial liabilities	12,000		-	
Repayment of financial liabilities	(3,000)	*(1,950)*	(2,544)	*(1,464)*
Payment of lease liabilities	554	*(529)*	(504)	*(474)*
Dividends paid	-		-	
Purchase of own shares	(1,924)		(537)	
Cash flow generated/absorbed by financing activities (C)	**7,630**	***(2,479)***	**61,819**	***(1,938)***
Increase in cash from merger (D)	**-**		**600**	
Total cash flow (A + B + C + D)	**17,527**	**(6,086)**	**(5,239)**	**(8,398)**
Opening cash and cash equivalents	**6,411**		**11,650**	
Change in cash and cash equivalents for the year	17,527		(5,239)	
Closing cash and cash equivalents	**23,938**		**6,411**	

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