PHILOGEN S.p.A.

THE BOARD OF DIRECTORS APPROVES THE POSITIVE NET FINANCIAL POSITION FOR THE THIRD QUARTER OF 2021, AMOUNTING TO 90,905 THOUSAND EURO, AND NOTES THE PROGRESS OF THE MAIN TRIALS FOR *NIDLEGY*™ AND FIBROMUN IN ACCORDANCE WITH EXPECTED TIMELINES

Siena (Italy), 11 November 2021 - In compliance with the disclosure commitments undertaken by the Company in the context of the recent listing process, as indicated in the Registration Document available on the Company's website (www.philogen.com, "Investors/IPO" section), the Company announces that the Board of Directors of Philogen S.p.A. (the "**Company**" or "**Philogen**" and, together with its Swiss subsidiary Philochem, the "**Group**") met today and approved the Group's net financial position as of 30 September 2021 and noted the progress of the main clinical trials for Nidlegy™ and Fibromun.

NET FINANCIAL POSITION AS OF 30 SEPTEMBER 2021

The following table sets out the Group's Net Debt as of 30 September 2021, prepared in accordance with ESMA Guidance 32-382-1138 dated 4 March 2021 and Consob by way of Reminder Notice No. 5/21:

Figures in thousands of euros **Net financial debt**	**30 September 2021**	**30 June 2021**	**31 March 2021**	**31 December 2020**
(A) Cash and cash equivalents	3	1	2	2
(B) Cash equivalents	15,852	21,505	73,637	11,956
(C) Other current financial assets	91,974	91,736	48,776	49,984
(D) Liquidity (A+B+C)	**107,829**	**113,242**	**122,414**	**61,943**
(E) Current financial debt	9	15	6	15
(F) Current portion of non-current financial debt	2,030	2,018	2,043	1,790
(G) Net current financial debt (E+F)	**2,039**	**2,033**	**2,048**	**1,805**
(H) NET CURRENT FINANCIAL INDEBTEDNESS (G-D)	**(105,790)**	**(111,209)**	**(120,366)**	**(60,137)**
(I) Non-current financial debt	14,886	15,132	15,698	15,899
(J) Debt instruments	-	-	-	-
(K) Trade payables and other current payables	-	-	-	-
(L) Non-current financial debt (I+J+K)	**14,886**	**15,132**	**15,698**	**15,899**
(M) NET FINANCIAL DEBT (H+L)	**(90,905)**	**(96,077)**	**(104,668)**	**(44,238)**

(*) Net financial debt is an alternative performance indicator, not identified as an accounting measure within the IFRS framework, and therefore should not be considered as an alternative measure to those provided by the Group's financial statements to assess the Group's financial position.

The Group closed the third quarter of 2021 with liquidity of Euro 107,829 thousand compared to Euro 61,943 thousand on 31 December 2020, and a positive net financial position on 30 September 2021 of Euro 90,905 thousand compared to a net financial position, also positive, of Euro 44,238 thousand on 31 December 2020 (showing an overall percentage increase of over 100% compared to 31 December 2020).

The change in the net financial position compared to December 31, 2020, mainly derives from the capital raised during the IPO, amounting to Euro 65,404 thousand, net of commissions paid to the consortium for the institutional placement and costs related to the issue of new shares of approximately Euro 3,635 thousand.

Between the second and third quarters of 2021, the net financial position decreased by approximately 5%, from €96,077 thousand on 30 June 2021 to €90,905 thousand on 30 September 2021. In the same period, liquidity fell from € 113,242 thousand on June 30, 2021, to € 107,829 thousand on September 30, 2021, a decrease of approximately 5%. The latter change is mainly due to (i) costs of ordinary operations of approximately Euro 4,966 thousand, (ii) investments for the construction of the new GMP plant in Rosia (Siena) of approximately Euro 791 thousand, (iii) the net positive change in the *fair value of* the securities portfolio of approximately Euro 247 thousand and (iv) cash receipts for ongoing research and development contracts of approximately Euro 97 thousand.

Current and non-current financial indebtedness decreased from €17,165 thousand on 30 June 2021 to €16,925 thousand on 30 September 2021, a decrease of about 2% due to the progress of the existing amortisation plans. It should be noted that financial indebtedness is represented for approximately Euro 11,823 thousand by the notional debt inherent to the lease contracts of the buildings for the three company sites, represented according to the international accounting principles (IFRS 16). The remainder relates to the outstanding loan taken out to finance the expansion of the Rosia (Siena)

production site. This loan requires compliance with commercial and financial *covenants*, the breach of which would not require the repayment of the loan but would result in an increase to the interest rate in the amount of 0.50%.

PROGRESS OF THE MAIN TRIALS for Nidlegy™ and Fibromun

The most advanced programs are proceeding on schedule. Specifically, as of September 30, 2021:

- Nidlegy™, the product currently at the most advanced stage of development, is progressing according to the expected timelines for the European Phase III study in Stage IIIB,C melanoma. A total of 181 patients have been treated as of September 30, 2021 (187 patients as of November 11, 2021) of the 214 patients foreseen by the protocol. Clinical trials in melanoma in the United States are also progressing, as well as a trial in Europe in non-melanoma skin cancers. A contract was also signed with a *Contract Research Organization* to open up to 38 clinical centers to be added to the U.S. study in Stage IIIB,C melanoma;
- Fibromun, the second most advanced product in clinical development following Nidlegy™, is progressing according to the expected timelines in soft tissue sarcoma and brain tumors (i.e., glioblastoma). The number of clinical centers and countries involved in the trial is increasing, also in light of the promising clinical data recently published [Weiss et al. (2020) Sci. Transl. Med., 12, eabb2311; Schliemann et al. (2021) Eur. J. Cancer, 150, 143].

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Dario Neri, Chief Executive Officer and Chief Scientific Officer of Philogen S.p.A., commented: *"We are pleased to provide an update on the progress of our products in advanced clinical trials. With the proceeds of the IPO, Philogen is funding the clinical trials through which the company aims to bring Nidlegy™ and Fibromun to registration. To date, the speed of enrollment in these trials is fully in line with what was envisioned in the Business Plan. We expect to complete patient recruitment in the European melanoma and sarcoma studies by mid-2022 and late 2023, respectively. The emerging results in recurrent glioblastoma are very promising, particularly as patients with the unmethylated MGMT gene do not respond to Lomustine. We are also seeing extremely encouraging results for the OncoFAP platform, both with OncoFAP-radioconjugated and OncoFAP-drug conjugated. The selective localization ability of the radiopharmaceutical (i.e., OncoFAP-^{68}Ga) has been confirmed in patients with various tumor types and allows us to confidently plan new clinical trials with the therapeutic agent (i.e., OncoFAP-^{177}Lu). Our research group in Zurich has recently optimized the molecular structure of OncoFAP-conjugated cytotoxics, with which we are observing very promising pre-clinical results."*

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The manager responsible for preparing the company's financial reports, Laura Baldi, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books, and accounting records.

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Philogen Group Description

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

The Group's main therapeutic strategy for the treatment of these diseases is represented by the so-called *tumor targeting*. This approach is based on the use of ligands capable of selectively delivering very potent active therapeutic ingredients (such as pro-inflammatory cytokines) to the tumor mass, sparing healthy tissues. Over the years, Philogen has mainly developed monoclonal antibody-based ligands that are specific for antigens expressed in tumor-associated blood vessels, 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 tumor 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) experience in the development of products targeted at the tissues affected by the disease, (iii) experience in the production and development of drugs and (iv) the extensive portfolio of patents and intellectual property rights.

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

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FOR MORE INFORMATION:

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