Philogen
innovating targeting

PRESS RELEASE

PHILOGEN S.p.A.

BOARD OF DIRECTORS APPROVES HALF-YEAR FINANCIAL REPORT AS OF JUNE 30, 2022 (Courtesy English Translation)

- **Revenues from contracts with customers amounting to €18,085 thousand** (€1,548 thousand in 2021)
- **Positive EBITDA of €9,049 thousand** (negative €8,107 thousand in 2021)
- **Positive EBIT of €7,800 thousand** (negative €8,860 thousand in 2021)
- **Positive net income of €1,980 thousand** (negative net income of **€**8,653 thousand as of June 30, 2021)
- **Net financial position positive €82,114 thousand** (positive €85,184 thousand as of December 31, 2021)

AT THE SAME MEETING THE BOARD OF DIRECTORS, AMONG OTHER THINGS:

- **Approved the Sustainability Brochure referring to the year 2021**

Siena (Italy), Sept. 28, 2022-The Board of Directors of Philogen S.p.A. (the "**Company**" or "**Philogen**") and, together with its Swiss subsidiary Philochem, (the "**Group**"), which met today under the chairmanship of Dr. Duccio Neri, approved the condensed consolidated half-yearly financial statements as of June 30, 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:**

"We are pleased with the Group's performance in the first half of this year. The Company is going through a very important period as we are approaching the readout of our European Phase III study of Nidlegy™ in melanoma which we expect to take place in 2023. We are confident that the new GMP facility in Rosia can also be authorized in 2023.

Having completed patient recruitment in the Phase III study of Nidlegy™, we have achieved the first target announced at the time of the IPO in March 2021. Patient enrollment in Fibromun's Phase III sarcoma study is proceeding on schedule. In addition, emerging data from the non-melanoma skin cancer and glioblastoma studies are very encouraging.

Through its subsidiary Philochem, the Group has also consolidated the OncoFAP platform, which opens up new opportunities for both imaging applications and cancer therapy. We have published the first clinical results, derived from the study of more than 60 patients, and more publications will come out soon.

I would like to thank the Philogen team for their hard work as we head into a very exciting period."

CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022

The Group's Total Revenues as of June 30, 2022 amounted to €20,179 thousand, a sharp increase (+€18,227 thousand) compared to the figure for the period ended June 30, 2021, and consisted of (i) Revenues from contracts with customers amounting to €18,085 thousand and (ii) Other Income amounting to €2,094 thousand. The change is mainly related to revenues generated from existing customer contracts and residually from recurring tax benefits from which the Group benefits such as, by way of example, the research and development tax credit, the technological innovation tax credit and the industry 4.0 tax credit.

Operating costs, amounting to €11,130 thousand, show an increase of approximately 10.7% (38% net of 2021 costs related to the IPO process). The change is mainly attributable to the increase in the cost of materials and services related to the Group's *core business* activities, as well as to the increase in personnel costs due to the hiring plan aimed at structuring the workforce of the new GMP facility in Rosia (Siena) and to the strengthening of the management and staff functions necessary to meet the new challenges the Group is facing (during the first half of 2022, 15 new employees were hired, bringing the total to 140).

EBITDA showed an increase of €17,156 thousand compared to the previous period, from a negative value (€8,107thousand) as of June 30, 2021 to a positive value (€9,049 thousand) as of June 30, 2022, as a reflection of the above.

Depreciation and amortization, amounting to Euro 1,249 thousand, shows an increase of approximately €495 thousand due to the completion and commissioning of the new GMP facility at the Rosia (Siena) site. The investment totaling approximately €12,000 thousand, of which more than €2,000 thousand is currently recovered through the Industry 4.0 tax credit, began in the year 2020 and was completed in the first half of 2022. The new facility will be intended for the production of drugs for the commercial market, and for this it will have to be inspected by the regulatory authority which, in case of a positive outcome, will issue the appropriate authorization. In the meantime, the Company has been active in building a documentary quality system and scheduling testing activities related to the production process.

EBIT, calculated as the difference between EBITDA and depreciation and amortization, showed a positive balance of €7,800 thousand as of June 30, 2022 (negative €8,860 thousand as of June 30, 2021).

Net financial management as of June 30, 2022 closed with a negative balance of €4,359 thousand (net positive balance of €587 thousand as of June 30, 2021). This change is attributable to: (i) net valuation losses of €3,258 thousand related to the change in the fair value of the securities portfolio, (ii) net realized capital losses of €134 thousand, (iii) net foreign exchange valuation losses of €533 thousand and realized losses of €235 thousand, and (iv) interest expense and other charges of €199 thousand.

The change in (i) is related to the weakness that characterized the financial market as a whole in the first six months of the year 2022, also due, in particular, to the sharp rise in interest rates that penalized the valuations of fixed-income securities with a short duration. However, the portfolio's good diversification and the transactions carried out allowed potential losses to be minimized. In this economic environment, management is, even more than before, continuously and constantly monitoring the performance of the invested financial portfolio. Evidence to date shows a trend of reabsorption and contraction of this negative variation. Finally, it should be noted, as evidence of the exceptional nature of the situation, that Italian regulations have allowed those who prepare financial statements with the OIC standards not to show said latent capital losses in the financial statements, as instead is required by the IFRS standards adopted by the Company.

Regarding the change in point (iii), we highlight that the Group operates in Italy and Switzerland with different currencies of account that were affected by the high volatility of exchange rates when converting the subsidiary's financial statements for consolidation purposes.Taxes, amounting to €1,461thousand, showed an increase of €1,082 thousand mainly related to the higher revenues recorded in the period ended June 30, 2022 compared to the same period of the previous year. The item also includes the reversal of deferred tax effects recognized upon transition to IAS/IFRS.

As a result of the above, the Group, for the period ended June 30, 2022, shows a net profit of €1,980 thousand, an increase of €10,633thousand over the loss for June 30, 2021.

As of June 30, 2022, the net financial position, which was positive, amounted to €82,114 thousand, compared with a net financial position, also positive, of €85,184thousand as of December 31, 2021.

The Group ended the second quarter of 2022 with liquidity of €98,339 thousand compared to €92,593thousand as of March 31, 2022 and €101,678 thousand as of December 31, 2021, showing a decrease of only 3 percent compared to December 31, 2021 due to collections of €16,480 thousand from the progress of ongoing customer contracts.

The following is a table of the Philogen Group's Net Financial Debt as of June 30, 2022, prepared in accordance with ESMA Guideline 32-382-1138 of March 4, 2021 and Consob's Attention Reminder No. 5/21:

Figures in thousands of euros **Net financial debt**	**June 30 2022**	**March 31, 2022**	**December 31, 2021**
(A) Cash and cash equivalents	11,465	2,852	8,880
(B) Cash equivalents to cash and cash equivalents.	-	-	-
(C) Other current financial assets	86,874	89,741	92,797
(D) Liquidity (A+B+C)	**98,339**	**92,593**	**101,678**
(E) Current financial debt	24	12	9
(F) Current part of non-current financial debt	1,631	1,816	1,798
(G) Net current financial debt (E+F)	**1,655**	**1,827**	**1,807**
(H) NET CURRENT FINANCIAL DEBT (G-D)	**(96,684)**	**(90,766)**	**(99,870)**
(I) Non-current financial debt	14,570	14,421	14,686
(J) Debt instruments	-	-	-
(K) Trade and other current payables.	-	-	-
(L) Non-current financial debt (I+J+K)	**14,570**	**14,421**	**14,686**
(M) NET FINANCIAL DEBT (H+L)	**(82,114)**	**(76,345)**	**(85,184)**

Between the first and second quarters of 2022, the positive net financial position shows a percentage increase of about

7.6%, from €76,345 thousand as of March 31, 2022 to €82,114 thousand as of June 30, 2022. In the same period, liquidity increased from €92,593 thousand as of March 31, 2022 to €98,339thousand as of June 30, 2022, showing an increase of approximately 6.2%. The latter change was mainly attributable to (i) collections from contracts with customers in the amount of €16,480thousand, (ii) costs from ordinary operations in the amount of approximately €6,555thousand, (iii) investments for the construction of the new GMP plant in Rosia (Siena) in the amount of approximately €1,752thousand, (iv) the purchase of treasury shares in the amount of €404thousand, and (v) the negative change in the fair value of the securities portfolio in the amount of approximately €2,023thousand.

Current and non-current financial debt decreased from €16,248 thousand as of March 31, 2022, to €16,225thousand as of June 30, 2022, showing a decrease of approximately 0.14% resulting from the progress of existing amortization schedules. It should be noted that the financial debt derives, for approximately €12,064 thousand, from the real estate leases for the three company sites, represented according to international accounting standards (IFRS 16). The remaining part, amounting to €4,161 thousand, relates to the outstanding loan stipulated in order to finance the expansion project of the Rosia (Siena) production site.

MAJOR EVENTS AFTER THE PERIOD ENDED JUNE 30, 2022

The Group continues the share buyback program, which was approved on November 24, 2021 by the Company's Board of Directors, with a term of 18 months from the date of approval, and started on December 1, 2021.

Since the start of the program and until September 23, 2022, Philogen has purchased 160,132 ordinary shares (equal to 0.3943% of the share capital), with a total value of €2,277,201.35.

Notices under Buyback regulations are available on the Company's website (https://www.philogen.com), "Investors/Buyback" section.

FORESEEABLE DEVELOPMENT OF OPERATIONS

The Group also reports the following prospective events related to corporate scientific activities:

- Nidlegy ™
  - Following the recruitment of 214 patients in the European Phase III trial in melanoma, clinical activities associated with the trial will continue. Trial read-out is expected upon reaching the 95th event (disease progression or patient death)
  - With reference to other ongoing clinical trials, recruitment of new patients and opening of new centers is currently ongoing
  - Monitoring of objective responses observed in the Phase II clinical trial of non-melanoma skin cancers;

- Fibromun
  - With reference to the various ongoing clinical trials, recruitment of new patients and opening of new centers is currently ongoing.
  - Opening of new centers in Germany, Spain, Italy and Poland for the European Phase III study of first-line soft tissue sarcoma. As of the date of this Press Release, 41 patients have been treated. In this setting, Fibromun is administered in combination with Doxorubicin.
  - Safety monitoring of the presence of Objective Responses and Progression Free Survival in patients treated in the dose escalation part of the European Phase I/II study in patients with recurrent glioblastoma. In the first and third patients, a decrease of ~98% e ~85% at 18 and 15 months after the start of tumor treatment, respectively. Long stabilizations of the disease were also observed, exceeding the historical data reported for lomustine alone. As of the date of this Press Release, 12 patients have been treated.

- Radio-conjugated OncoFAP
  - Filing of application to the Italian Drug Agency for a clinical trial with the aim of exploring OncoFAP-^{68}Ga (diagnostic agent) in patients with cancer.
  - Planned new pre-clinical studies with OncoFAP-^{177}Lu (diagnostic and therapeutic agent).

- New GMP Rosia (Siena) facility: the authorization of AIFA of the new GMP production facility in Rosia for the production and marketing of drugs is expected in 2023. It should be noted that this new facility will complement the existing GMP plant in Montarioso (Siena), which was strengthened in 2021 and is dedicated to the production of investigational drugs.

The Group is also engaged in the strengthening of its in-house research and development activities, as well as contractual activities related to discovery and/or manufacturing. It also runs Business Development activities with potential industrial partners in order to seek new scientific collaborations on an opportunistic basis.

OTHER SIGNIFICANT BOARD RESOLUTIONS

Approval of the Sustainability Brochure 2021

The Board of Directors approved the Group Sustainability Brochure, referring to the year 2021, which will be published on the Company's website (https://www.philogen.com) in the "*Governance*" section.

In fact, during the first half of 2022, the Group embarked on a structured and organic path of reporting on sustainability issues, taking sustainability aspects into consideration in a manner consistent with the organizational characteristics of the business.

The reporting activity, driven by a desire for transparency to the Group's stakeholders and the growing momentum of the market and industry regulations, will continue in the coming years with a view to continuous improvement.

Reporting, moreover, represents the first milestone in the sustainability journey initiated by the Group, which will lead to a gradual improvement in the governance and management aspects of sustainability areas, as well as an evolution of the Group's approach to these issues, from an increasingly strategic and integrated perspective with respect to business activities.

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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 documentary results, books and accounting records.

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In line with the recommendations contained in the ESMA/2015/1415 guidelines of October 5, 2015, it should be noted that within the scope of this press release there are some indicators that, although not envisaged by IFRS, are derived from financial quantities envisaged by IFRS. These indicators - which are presented in order to allow a better assessment of the Group's operating performance - should not be considered as alternatives to those provided for by IFRS and are homogeneous with those reported in the Report and Financial Statements as of December 31, 2020. It should also be noted that the methods for determining these indicators applied therein, since they are not specifically regulated by the relevant 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 September 16, 2009, it should be noted that the alternative performance indicators have not been audited by the Auditing Firm, as have the accompanying financial statements.

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Philogen Group Description.

Philogen is an Italian-Swiss company active in the biotechnology sector, specializing 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 tumor markers (also called tumor 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 such diseases is the so-called tumor targeting. This approach is based on the use of ligands capable of selectively delivering very potent therapeutic active ingredients (such as, for example, pro-inflammatory cytokines) at 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 goal is to generate, develop, and commercialize innovative products for the treatment of diseases for which medical science has not yet identified satisfactory therapies. This is achieved by leveraging (i) proprietary technologies for the isolation of ligands that react with antigens present in specific diseases, (ii) experience in developing products targeted to the tissues affected by the disease, (iii) experience in drug manufacturing and development, and (iv) the Group's 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 some chronic inflammatory diseases.

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FOR MORE INFORMATION:

Philogen - Investor Relations

IR@philogen.com - Emanuele Puca | *Investor Relations*

Consilium Strategic Communications contacts

Mary-Jane Elliott, Davide Salvi

Philogen@consilium-comms.com

Philogen Group

RECLASSIFIED CONSOLIDATED INCOME STATEMENT AS OF JUNE 30, 2022

Figures in thousands of euros and in percent	As of June 30				Variations	
	2022	**%**	**2021**	**%**	**2022 vs. 2021**	**%**
Revenues from contracts with customers	18,085	100.0%	1,548	100.0%	16,537	1068.4%
Other income	2,094	11.6%	404	26.1%	1,690	418.4%
Total Revenues	**20,179**	**111.6%**	**1,952**	**126.1%**	**18,227**	**933.8%**
Operating costs (*)	(11,130)	(61.5)%	(10,059)	(649.9)%	(1,071)	10.7%
EBITDA (**)	**9,049**	**50.0%**	**(8,107)**	**(523.8)%**	**17,156**	**(211.6)%**
Depreciation	(1,249)	(6.9)%	(753)	(48.7)%	(495)	65.7%
EBIT	**7,800**	**43.1%**	**(8,860)**	**(572.4)%**	**16,661**	**(188.0)%**
Financial income	985	5.4%	1,394	90.0%	(409)	(29.4)%
Financial charges	(5,344)	(29.5)%	(807)	(52.1)%	(4,536)	562.1%
Earnings before taxes	**3,441**	**19.0%**	**(8,274)**	**(534.5)%**	**11,715**	**(141.6)%**
Taxes	(1,461)	(8.1)%	(379)	(24.5)%	(1,082)	285.1%
Profit (Loss) for the period	**1,980**	**10.9%**	**(8,653)**	**(559.1)%**	**10,633**	**(122.9)%**

(*) Operating Costs are given by the sum of the following balance sheet items: purchases of raw materials and consumables, costs for services, costs for use of third-party assets, personnel costs, and other operating costs.
(**) EBITDA is earnings before taxes before depreciation, amortization and financial income and expenses. 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 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 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 homogeneous with that adopted by other groups, and therefore may not be comparable.

Philogen Group

RECLASSIFIED CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2022

Figures in thousands of euros and in percent	**As of June 30**	**As of December 31**	**Variations**	
	2022	**2021**	**2022 vs. 2021**	**%**
Assets				
Property, plant and equipment	12,651	10,984	1,667	15.2%
Intangible assets	1,107	950	157	16.6%
Activities by right of use	10,136	10,005	130	1.3%
Deferred tax assets	536	674	(138)	(20.5)%
Employee benefits	(1,020)	(1,033)	14	(1.3)%
Deferred tax liabilities	(173)	(183)	(10)	(5.6)%
Net fixed assets(*)	**23,237**	**21,397**	**1,840**	**8.6%**
Inventories	1,927	1,295	632	48.8%
Activities arising from contract	714	87	627	719.2%
Trade receivables	1,249	688	561	81.5%
Tax credits	8,881	5,740	3,141	54.7%
Other current assets	1,558	876	682	77.9%
Trade payables	(6,394)	(5,826)	(567)	9.7%
Liabilities arising from contract	(1,729)	(2,233)	504	(22.6)%
Tax debts	(1,584)	(309)	(1,275)	413.0%
Other current liabilities	(4,056)	(1,812)	(2,244)	123.9%
Net working capital(*)	**566**	**(1,494)**	**2,060**	**(137.9)%**
Net invested capital(*)	**23,803**	**19,903**	**3,899**	**19.6%**
Liabilities				
Shareholders' Equity	105,916	105,087	829	0.8%
Net financial debt(*)	(82,114)	(85,184)	3,071	(3.6)%
Total sources	**23,803**	**19,903**	**3,899**	**19.6%**

(*) 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.

Philogen Group

CONSOLIDATED CASH FLOW STATEMENT AS OF JUNE 30, 2022

Figures in thousands of Euros	Period ended June 30			
	2022	*Of which with related parties*	**2021**	*Of which with related parties*
Cash flow from operating activities				
Result for the period	1,980	*(1,548)*	(8,653)	*(1,362)*
Adjustments for:				
Depreciation of tangible and intangible assets	1,249	*375*	753	*368*
Net financial income/(expense)	4,359	*171*	(586)	*173*
Provisions for funds and employee benefits	96		49	
Provisions for group incentive plans.	38		-	
Income taxes	1,461		379	
Other non-cash adjustments	(182)		37	
Variations of:				
Inventories	(626)		(82)	
Activities arising from contract	(612)		50	
Trade receivables	16		365	
Liabilities arising from contract	(505)		(1,392)	
Trade payables	548	*(34)*	(7)	*82*
Other current assets and liabilities (*)	(1,517)		(1,387)	
Use of funds and employee benefits	(2)		(14)	
Interest paid	(345)		(220)	
Income taxes paid	-		(4)	
Cash flow generated/absorbed by operations (A)	**5,959**	***(1,037)***	**(10,712)**	***(739)***
Cash flow from investing activities				
Interest collected	16		144	
Proceeds from the sale of financial assets	2,666		1,730	
Purchase of property, plant and equipment	(3,259)		(3,813)	
Purchase of intangible assets	(216)		(105)	
Purchase of other financial assets	-		(42,855)	
Cash flow generated/absorbed by investing activities (B)	**(792)**	**-**	**(44,899)**	**-**
Cash flows from financing activities				
Proceeds from the issuance of shares	-		65,404	
Repayment of financial liabilities	(628)		(438)	
Payment of lease liabilities	(388)	*(370)*	(360)	*(360)*
Purchase of own shares	(1,594)		-	
Cash flow generated/absorbed by financing activities (C)	**(2,610)**	***(370)***	**64,606**	***(360)***
Increase in cash and cash equivalents from merger (D)	**-**		**560**	
Total cash flow (A + B + C + D)	**2,557**	***(1,407)***	**9,555**	***(1,099)***
Beginning cash and cash equivalents	**8,880**		**11,958**	
Change in cash and cash equivalents for the period	2,557		9,555	
Translation effect on cash and cash equivalents	29		(7)	
Closing cash and cash equivalents	**11,466**		**21,506**	

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