PRESS RELEASE

# *MolMed's Board of Directors approved the 2015 draft financial statements and convened the Shareholders' meeting*

- *Revenues increased by 35.0%, of which those for third parties activities increased by 21.4%*
- *Positive Net Financial Position of 29.9 million euros (11.4 million euros at December 31, 2014)*
- *Convened the Shareholders' Meeting on April 18, 2016*

| *(amounts in Euro thousand)* | Fiscal Year 2015 (a) | Fiscal Year 2014 (b) | Variation (a-b) | Variation % |
|---|---|---|---|---|
| Operating revenues | 16,764 | 12,422 | 4,342 | 35.0% |
| *Revenues from activities for third parties* | *13,576* | *11,181* | *2,395* | *21.4%* |
| Operating costs | 37,302 | 25,050 | 12,252 | 48.9% |
| Operating result | (20,538) | (12,628) | (7,910) | 62.6% |
| Net financial income & charges | (246) | (375) | 129 | (34.4%) |
| Result for the period | (20,784) | (13,003) | (7,781) | 59.8% |

| *(amounts in Euro thousand)* | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Net Financial Position | 29,938 | 11,390 |

Milan, March 7, 2016 – The Board of Directors of MolMed S.p.A. (Milan: MLM), met today under the chairmanship of Professor Claudio Bordignon, reviewed and approved the 2015 draft financial statements.

Riccardo Palmisano, CEO of MolMed, commented*: "2015 was a year in which confirmations were received and investments made. Results obtained for activities carried out for third parties, which grew decidedly over the previous year, and AIFA's authorization, granted to the production facility located at DIBIT, represent confirmation of the leadership that MolMed owns in the field of development and GMP manufacturing of gene therapies. With regard to future development expectations resources invested in 2015 represent the measure of the role that the Company intends to play in the treatment of tumours, where gene and cell therapies, based on immune system engineering, are opening up new therapeutic possibilities: acquisition of the CAR -CD44v6 project will allow us to compete in the promising field of immunotherapy of cancer, with possible synergies with NGR-hTNF; further development of Zalmoxis® represents one of the largest clinical experience of immuno-gene therapy ever. Furthermore, clinical data presented on NGR-hTNF, analysis of its efficacy on the immune system, progression of the GMP industrial manufacturing project, are all elements, which aim to strengthen the product's potential future role in the field of oncology. These enhancements, together with the resources invested for the expansion of the production capacity, are portraying very promising scenarios. Today the Company's challenge lies in making its research and development results available to the patient and to the market: in 2016 we will make every effort to achieve this goal, by identifying and covering the most suitable ways to exploit the important assets of our Company.*

## *Key significant events*

Activities and main results obtained in 2015:

### *Development activities on Zalmoxis® (TK)*

- Cumulative data of academia and clinical trials, both completed and ongoing, were presented during the 41st Congress of the European Society for Blood and Marrow Transplantation – EBMT (March 2015)

  This analysis showed that Zalmoxis® is able to offer patients with high-risk leukemia significant relapse control, a rapid immune reconstitution and effective control of GvHD in the context of transplantation from a haploidentical donor, in absence of post-transplantation immunosuppression. Overall, these effects show a significant increase in survival in treated patients compared with historical data.

- In December, "Science Translational Medicine", one of the most influential scientific journals, published the study titled "Tracking genetically engineered lymphocytes long-term reveals the dynamics of T-cell immunological memory", conducted by researchers of San Raffaele Hospital on patients enrolled in the MolMed's Phase I/II TK007 clinical trial, whose data were presented by one of the authors of the study during the last American Society of Hematology (ASH) Annual Congress, held in Orlando between the 5th and 8th of December, 2015.

  The study investigated immune cells of patients with acute high-risk leukaemia, enrolled in the TK007 clinical trial, who, between 1995 and 2012, underwent haplo-identical hematopoietic stem cell transplantation (haplo-HSCT) and infusion of donor T cells, transduced to express the TK suicide gene.Ten adult patients were studied, in three the suicide gene TK was activated in order to abrogate the graft versus host disease (GvHD) which set in early after the haplo-HSCT. At a follow-up period in the range of 2 to 14 years, all patients were in complete remission, free of GvHD and with a normal immune system. Furthermore, TK cells were detected in all patients, armed with a still functioning suicide gene. Analysis of the patients' immune system and of the single engineered TK cells allowed scientists to unravel that memory T cells of "stem" phenotype are the most capable to expand and to persist long term.

  Results published in the prestigious Science Translational Medicine journal represent an important finding and will support the future development of more effective and lasting therapies against leukaemia. Furthermore, long-term efficacy of TK therapy, highlighted once again by this study, confirms the success of the strategy followed thus far by MolMed in developing innovative treatments against cancer.

### *Development activities on NGR-hTNF*

In June 2015, data from the Phase III NGR015 clinical trial on the investigational drug NGR-hTNF as second line treatment in patients with pleural mesothelioma, presented during the 51st Annual Meeting of the American Society of Clinical Oncology (ASCO), highlighted a statistically significant clinical benefit in the population with poorer prognosis, clearly identified by objectives and recognized parameters, although the primary endpoint (overall survival – OS) was not achieved for the entire population:

- a statistically significant increase of 45% in overall survival and progression free survival in patients who progress more quickly after the first-line treatment, characterized by the worst prognosis and accounting for 50% of the total number of enrolled patients;

- NGR-hTNF's effect on survival is correlated to the duration of the therapy, especially in patients who underwent treatment for at least three months, whose median survival time was almost double respect to the control arm;
- NGR-hTNF's tolerability profile is favourable alone as well as in combination with chemotherapy drugs (doxorubicin, gemcitabine or vinorelbine) administered in the study.

These data, mainly obtained in combination with gemcitabine or vinorelbine, in the treatment of a highly aggressive and chemo-resistant disease are significant since they confirm the efficacy of NGR-hTNF in combination with gemcitabine, already shown in first line treatment Phase II clinical trial in patients affected by SCLC, typically a worse prognosis respect to NSCLC.

Furthermore, during 2015, the enrolment target of 100 patients in NGR019 randomized Phase II trial of NGR-hTNF in mesothelioma as first-line maintenance therapy was reached. The trial was extended to Russia where in the forthcoming years the incidence of this specific clinical need could increase substantially.

In 2015 follow-up of patients enrolled in randomised Phase II trials in soft tissue sarcomas (NGR016) in ovarian carcinoma (NGR018), and Phase III trial in mesothelioma (NGR015) continued.

Results obtained so far in Phase II randomized clinical trials on several solid tumours back NGR's therapeutic potential, which could well apply to a broad spectrum of oncological indications.

## *Research and development activities in gene therapy*

On April 13, 2015, MolMed exercised the option right to purchase, from the San Raffaele Hospital, the immune-gene therapy project against cancer, developed through the use of the chimeric receptor antigen CD44v6 (CAR-CD44v6), which can potentially be used for various forms of haematological cancers and carcinomas. The acquisition of this project allows the Company to significantly expand its pipeline, entering one of the most promising fields of new anticancer strategies, tumour "immune-gene therapy".

The CAR-CD44v6 project was acquired for a sum of Euro 3,200 thousand on the basis of the agreement signed in 2001 between MolMed and the San Raffaele Hospital, under which the Company holds an option right on the intellectual property generated from research projects conducted by the San Raffaele Scientific Institute in the fields of gene and molecular therapy for cancer and AIDS.

During 2015 research and development activities on the CARCD44v6 project aimed at the characterization of the antitumor activity of lymphocytes expressing CARCD44v6 in animal models of human and murine tumours, and development of production systems for viral vectors encoding the CAR -CD44v6 in association with the suicide gene began. Those activities will proceed in 2016.

## *Development and GMP production*

In 2015, activities foreseen by existing collaboration agreements signed with Fondazione Telethon and GSK for the development and production of highly innovative experimental gene therapies for the treatment of severe hereditary diseases continued.

In December AIFA (*Agenzia Italiana del Farmaco*) granted the operating facility located in Milan, via Olgettina, 58 (at the San Raffaele Biotechnology Department - DIBIT), authorization to manufacture medicinal products to be marketed. This authorization is valid for manufacturing of medicinal products used in a specific gene therapy based on genetically modified stem cells, and in a specific cell therapy based on immune system

genetic engineering, and could become operational following the outcome of the respective marketing authorization applications already submitted to EMA (European Medicines Agency).

This authorization confirms MolMed's technical-scientific and industrial quality standard in the field of gene and cell therapies, and couples with the renewal of the one granted to the same facility for manufacturing of medicinal products for investigational purposes. In fact, the production site located at DIBIT is an AIFA qualified *Officina Farmaceutica* since 2003, and is compliant with the best practices governing manufacturing of patient-specific genetically engineered cells, and active pharmaceutical ingredients for clinical use.

During 2015 construction of the new production facility at the, so-called, "Open Zone" science park in Bresso (Milan) continued. The Bresso facility will provide an additional production plant of approximately 3,300sm, which, added to the one already operating at the headquarters in Via Olgettina, measuring approximately 1.400sm, will provide the Company with a substantial production capacity increase. This expansion, necessary to support treatment of patients with Zalmoxis® (TK) therapy, combined with MolMed's technological leadership in the field of rare genetic diseases and "immune-genetherapy" tumour therapies, positions the Company as a strategic partner for big pharma and biotech.

Furthermore, MolMed continued, as planned, the development project related to the application of automated systems in the Zalmoxis® production and control processes.

## *Business Development activities*

In 2015, Business Development activities mainly focused on exploration of potential new partnerships on property pipeline and enlarging the development and GMP production client portfolio.

In fact, contacts with big pharma and biotech companies who showed interest in developing and marketing of our late stage development products continued.

On the 19th of March, MolMed and GlaxoSmithKline further strengthened the existing strategic collaboration by signing a new agreement under which MolMed will supply development, manufacturing and technology transfer services aimed at the clinical application of gene therapies based on viral vector cellular transduction. As part of the agreement, MolMed will provide its expertise in process development and its manufacturing skills and capacity for the production of viral vectors and cell transduction. In particular, the contract foresees minimum Euro 34 million revenues, for MolMed. over the next five years.

In addition to historical partners like GSK and Telethon Foundation, two new partnerships began in 2015, one with a multinational biotech company and one with an Italian start up biotech company, which further strengthen development and GMP production activities.

## *Other significant events*

- Capital Increase

In April 2015 the capital increase, approved by the Extraordinary Shareholders Meeting held on 3 March 2014, was successfully completed. The share capital increase was completed on 9 April 2015 with the subscription of 187,311,408 ordinary MolMed shares, newly issued in the ratio of 4 shares for each 5 ordinary shares held, for a total of Euro 49,825 thousand, of which Euro 8,823 thousand by way of capital increase and Euro 41,002 thousand in share premium.

- Annual Most Innovative EU Biotech SME Award

On June 23rd, 2015, MolMed received from Mr. Carlos Moedas, the European Commissioner for research, science and innovation, the Annual Most Innovative EU Biotech SME Award (red biotech category), a prestigious reward awarded by the international scientific community and promoted by EuropaBio.

- Corporate Governance strengthening

On October 22nd, 2015, Mrs. Marina Del Bue, Mr. Germano Carganico and Mr. Lorenzo Salieri, resigned from their respective offices held in the Administrative Body. The Board of Directors co-opted Dr Riccardo Palmisano and Prof Didier Trono during the same meeting and Mrs Monica Masolo during the meeting held on November 9th.

The Shareholders' meeting, having examined the above mentioned candidates *curricula vitae*, together with their nomination acceptance declaration, and the compliance with applicable legislation and independence requirements, confirmed the appointment of Mrs Masolo, Prof Trono (both independent pursuant to the Corporate Governance Code and to art.148, paragraph 8 of Legislative Decree no. 58/98), and of Dr Palmisano (independent pursuant to the Corporate Governance Code).

Following the Shareholders' Meeting, the Board of Directors met and, in implementation of the amended governance settings, appointed Dr Riccardo Palmisano as Chief Executive Officer and transferred, to him, the operational powers held thus far by Professor Claudio Bordignon, who maintains the position of Chairman and President of the Scientific Advisory Board andkeeps supporting the Company in scientific research, development and in definingstrategic plans.

## *Comments on financial results*

**Total revenues** in 2015 increased by 35.0% compared with 2014, from Euro 12,422 thousand to Euro 16,764 thousand, mainly driven by development and GMP production activities for third parties, which registered revenues for Euro 13,576 thousand, growing significantly (+21.4%) compared with last year (Euro 11,181 thousand). These activities mainly encompassed innovative gene therapy treatments for rare genetic diseases and are related to the above-mentioned collaborations with GlaxoSmithKline and Fondazione Telethon, and substantially benefited from the agreement signed with the British Company on the 19th of March 2015.

Other revenues for a total of Euro 3,188 thousand are mainly connected to tax credit (Euro 2,397 thousand), accounted according to Decree " *Attuazione del credito d'imposta per attività di ricerca e sviluppo*" of May 27th 2015 and to public funding of R&D activities (Euro 719 thousand).

**Operating costs** in 2015 totalled Euro 37,302 thousand, higher respect to 2014 (Euro 25,050 thousand), largely due to:

- *service costs*, equal to Euro 19,590 thousand (Euro 11,165 thousand in 2014), significantly affected by external development costs, as a result of the acquisition of the abovementioned research project CAR-CD44v6, and by the industrial development of one of the products in our pipeline, and by costs for utilities, increased from Euro 507 thousand (2014) to Euro 1,083 thousand (2015) as a results of facility expansion at Open Zone site (Bresso). License fees and IP expenditures decreased by Euro 502 thousand (-54.8%) respect to 2014, year in which a milestone for the regulatory development of one of our products was granted;
- *raw material and consumables costs*, increased from Euro 2,966 thousand in 2014 to Euro 4,063 thousand at December 31, 2015, as a result of the intensification of development and GMP production activities and continuation of the clinical trial with Zalmoxis® (TK);

- *personnel costs*, increased by 25.4% in 2015 respect to previous year (from Euro 9,145 thousand to Euro 11,472 thousand), as a result of the increased number of employees in operational areas of the Company and the settlement agreement reached with Mrs Marina Del Bue, following the process of the Company's organizational renewal started in December 2015. Net of this non-recurring item, personnel costs in 2015 would have increase by 14.5% respect to previous year.

It is worth mentioning that investments in 2015 amounted to Euro 6.152 thousand, mainly related to the construction of the Bresso site, but also to upgrade of laboratory equipment, purchase of new equipment for the industrial production process of Zalmoxis® (TK) and revamp and optimize the existing GMP facility.

In 2015 the **operating result,** although positively affected by the significant increase in revenues, was negative for Euro 20,538 thousand, compared with a negative operating result of Euro 12,628 thousand in the previous year. This variation is essentially driven by important external development costs, principally related to the acquisition of the CAR-CD44v6 project and to the development of one of the product in pipeline. In fact, given the Company's operational activities and the characteristics of trials conducted, research and development costs are fully expensed in the period they are incurred.

For the same reasons, the **net result** registered a loss of Euro 20,784 thousand in 2015, compared with a loss of Euro 13,003 thousand in 2014.

The **net financial position** at December 31st, 2015, is positive for Euro 29,938 thousand (form Euro 11,390 thousand at December 31st, 2014), and is entirely composed of cash and cash equivalents, and financial receivables mainly represented by bonds, in absence of financial indebtedness. The change in net financial position (Euro 18,548 thousand) is mainly due to (i) proceeds from capital increase for Euro 39,858 thousand, (ii) Euro 1,552 thousand collected in February 2015 as advance payment on future share capital increase, (iii) proceeds from the above mentioned agreement signed with GSK on March 19th, 2015, (iv) the acquisition of CAR-CD44v6 project for Euro 3,904 thousand, VAT included.

## *Significant events which occurred after December 31, 2015*

- Optimization of the organizational structure and further strengthening of corporate governance

On January 29th, 2016, the Board of Directors of MolMed S.p.A., following up on the corporate governance change process started last December, with the appointment of Dr Palmisano as Chief Executive Officer,approved the creation of a Nomination Committee and the renewal of the Company's organizational structure. . As regards the corporate governance, since the Board of Directors' term is close to expiry, it was deemed appropriate to establish a combined Remuneration and Nomination Committee, whose members (Raffaella Ruggiero, Sabina Grossi and Didier Trono) are predominantly independent. The role of the Remuneration and Nomination Committee will be of advisory and consulting to the Board of Directors regarding the optimal composition of the Board, identifying and indicating the professional profiles that can facilitate its effective functioning.
The new organizational structure of the Company, effective immediately, provided for the creation of a single General Manager office, headed by Dr G. Paolo Rizzardi, and the removal of the General Manager office for Corporate Governance & Administration, transferringits main functions directly to the CEO. Following this organizational change, the employment relationship with Mrs Marina Del Bue ended on February 16th 2016, with a settlement of one million euros. MolMed would like to express its heartfelt thanks to Mrs Del Bue for the important contribution that she has made to the growth of this company over a number of years.

- Zalmoxis® CMA application

The assessment of the Conditional Marketing Authorization application (filed with the European Medicines Agency in March 2014) continues according to the procedure set for authorization processes of this kind: the Company has in fact recently processed a second list of outstanding issues (LoOi) on details requested by the committees called upon to provide the final opinion on the application filed.

## *Business outlook*

During 2016, the Company plans to continue clinical and industrial development of the main investigational products, as well as activities and investments aimed at significantly increasing the production capacity dedicated to the development and production of both proprietary cell and gene therapy and for third parties.

In particular, with regard to proprietary products, the interaction with the European authorities in order to obtain the Conditional Marketing Authorisation (CMA) for Zalmoxis® will continue and, in parallel, activities preparatory to market access (both directly and through distributors/dealers) will be intensified.

As for NGR-hTNF, based on clinical data obtained so far, on evolutionary trends in the specific clinical area at an international level, and taking into account potential industrial partners' feedback, in 2016 activities will proceed as follows: the opportunity to begin the submission process of a CMA request with the EMA (European Medicines Agency) and an Accelerated Approval with the FDA (Food and Drug Administration) for the treatment of pleural mesothelioma in second-line in patients with poor prognosis will be evaluated; at the same time, once the place in therapy of the product has been reviewed and potential industrial partners' feedback has been analysed, the search for an industrial partner for product development will continue and therapeutic indications considered more promising on the basis of results already obtained from randomized Phase II clinical trials, and of specific unmet therapeutic needs, as indicated by clinicians and the market, will be considered first; in parallel, the industrial development of the product aimed at the validation of the production process will continue.

Finally, taking advantage of its established development expertise, the Company intends to invest on research and pre-clinical development of the CAR project, acquired in 2015, in order to enhance enhancing its distinctive specificity. With regard to development and contract manufacturing activities, supported by 2015 results, efforts to identify new industrial partners and signing of new service contracts will continue.

In this perspective, completion of commissioning and validation of the new facility in Bresso and request for manufacturing authorization from AIFA is scheduled in 2016, this will lead to a significant increase in production capacity for the Company.

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During the same meeting, the Board of Directors also:

- assessed and confirmed, in compliance with the provisions of the Corporate Governance Code, that the legal requirements for the Independent Directors and Statutory Auditors are still in place;
- convened the Ordinary Shareholders' Meeting for **April 18, 2016 at 11:00 AM** on single call, at the *Oxygen* auditorium, Zambon OpenZone, via Meucci 2/via Campestre, Bresso (Milan), Italy, in order to resolve upon the following agenda:

1. Approval of the statutory financial statements for the fiscal year ended 31 December. Related resolutions.
2. Report on remuneration – first section: resolution pursuant to art. 123-ter of the Italian consolidated law on finance (TUF).
3. Appointment of the members of the board of directors, following determination of number of members; possible appointment of the Chairman; determination of term and remuneration. Related resolutions.
4. Appointment of the members of the board of statutory auditors and determination of their remuneration. Related resolutions.
5. Appointment of the statutory auditing firm for fiscal years 2016 -2024. Related resolutions.

The notice will be made available to the public on 8 March 2016 on MolMed's website (http://www.molmed.com) and in the regulated information storage system 1Info-Storage (http://www.1info.it/PORTALEONEINFO/); it will also be published in abridged version (in Italian) in the daily newspaper *Milano Finanza* on 9 March 2016. Documents and materials relevant to the shareholders' meeting will be made available to the public, according to the provisions of regulations in force, within the terms indicated in the notice.

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*The official manager responsible for preparing the Company's financial reports, Andrea Quaglino, herewith attests, pursuant to Article 154-bis, paragraph 2 of the Legislative Decree 58/1998 ("Testo Unico della Finanza"), that the accounting disclosure contained in this press release matches documentary evidence, corporate books, and accounting records. In this press release, use is made of "alternative performance indicators" which are not provided for under European IFRS, and whose significance and content - in line with Recommendation CESR/05-178b published on November 3, 2005 - are illustrated below:*

- *Operating Result: defined as the difference between sales revenues and other income and costs for materials, costs of services received, costs for use of third-party assets, personnel costs and amortisation, depreciation & write downs. It represents the profit before financial flows and taxes;*

*Net Financial Position: is the algebraic sum of cash, cash equivalents, financial receivables and other financial assets, and current and non-current financial debt.*

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This press release is written in compliance with public disclosure obligations established by CONSOB (Italian securities & exchange commission) resolution no. 11971 of 14 May 1999, as subsequently amended.

## *About MolMed*

MolMed S.p.A. is a medical biotechnology company focused on research, development and clinical validation of novel anticancer therapies. MolMed's pipeline includes anti-tumour therapeutics in clinical and preclinical development: Zalmoxis® (TK) is a cell-based therapy enabling bone marrow transplants from partially compatible donors, in absence of post-transplant immune-suppression, currently in Phase III in high-risk acute leukaemia and under evaluation by EMA for a Conditional Marketing Authorization; NGR-hTNF is a novel therapeutic agent for solid tumours which displays antitumor activity through its specific binding to blood vessels feeding the tumour mass, currently investigated in a broad clinical programme; CAR-CD44v6, an immuno-gene therapy project potentially effective for many haematological malignancies and several epithelial tumours, currently in preclinical development. MolMed also offers top-level expertise in cell and gene therapy

to third parties to develop, conduct and validate projects from preclinical to Phase III trials, including scale-up and cGMP production of clinical-grade viral vectors, and manufacturing of patient-specific genetically engineered cells. MolMed has its headquartered at the San Raffaele Biotechnology Department (DIBIT) in Milan, Italy, and a local unit at OpenZone, in Bresso (Milan). MolMed is listed on the main market (MTA) of the Milan stock exchange managed by Borsa Italiana (ticker Reuters: MLMD.MI).

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**DISCLAIMER**

# *Financial statements at 31 December 2015*

## *Balance sheet*

| *(amounts in Euro thousands )* | **December 31, 2015** | **December 31, 2014** |
|---|---|---|
| **ASSETS** | | |
| Tangible assets | 11,138 | 5,996 |
| Goodwill | 77 | 77 |
| Intangible assets | 304 | 253 |
| Financial assets | 212 | 7 |
| Tax receivables | 2,457 | 2,557 |
| Other assets | 1,500 | 1,586 |
| **TOTAL NON-CURRENT ASSETS** | **15,688** | **10,476** |
| Inventories | 794 | 774 |
| Trade receivables and other commercial assets | 5,632 | 4,364 |
| Tax receivables | 3,257 | 845 |
| Other receivables and sundry assets | 1,576 | 1,734 |
| Other financial assets | 18,168 | 6 |
| Cash and cash equivalents | 11,770 | 11,384 |
| **TOTAL CURRENT ASSETS** | **41,197** | **19,107** |
| **TOTAL ASSETS** | **56,885** | **29,583** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Capital | 19,842 | 11,019 |
| Share premium reserve | 45,764 | 5,635 |
| Other reserves | 627 | 9,263 |
| Retained earnings (accumulated losses) | (13,520) | (832) |
| Profit (loss) for the year | (20,784) | (13,003) |
| ***TOTAL SHAREHOLDERS' EQUITY*** | **31,929** | **12,082** |
| Liabilities for pensions and employee severance indemnity | 197 | 208 |
| Trade payables | 2,600 | - |
| Other liabilities | 3,313 | 5,317 |
| ***TOTAL NON-CURRENT LIABILITIES*** | **6,110** | **5,525** |
| Trade payables | 13,559 | 9,852 |
| Other liabilities | 5,287 | 2,124 |
| ***TOTAL CURRENT LIABILITIES*** | **18,846** | **11,976** |
| ***TOTAL LIABILITIES & SHAREHOLDERS' EQUITY*** | **56,885** | **29,583** |

# *Financial statements at 31 December 2015*

## *Income statement*

| *(amounts in Euro thousands )* | **Year 2015** | **Year 2014** |
|---|---|---|
| Revenues | 13,576 | 11,181 |
| Other revenues | 3,188 | 1,241 |
| **Total operating revenues** | **16,764** | **12,422** |
| | | |
| Purchases of raw materials and consumables | 4,063 | 2,966 |
| Costs for services | 19,590 | 11,165 |
| Costs for use of third-party assets | 1,414 | 1,236 |
| Personnel costs | 11,472 | 9,145 |
| Other operating costs | 137 | 127 |
| Amortization and depreciation | 626 | 411 |
| **Total operating costs** | **37,302** | **25,050** |
| **Operating result** | **(20,538)** | **(12,628)** |
| | | |
| Financial income | 160 | 70 |
| Financial charges | (406) | (445) |
| **Net financial income (charges)** | **(246)** | **(375)** |
| **Pre-tax result** | **(20,784)** | **(13,003)** |
| | | |
| Income taxes | - | - |
| **Profit (loss) for the year** | **(20,784)** | **(13,003)** |

## *Statement of comprehensive income*

| *(importi in migliaia di Euro)* | **Esercizio 2015** | **Esercizio 2014** |
|---|---|---|
| **Utile (perdita) del periodo** | **(20,784)** | **(13,003)** |
| **Altre componenti del conto economico complessivo (non successivamente riclassificate nel Conto Economico)** | | |
| Utile (perdita) attuariale | 7 | (16) |
| **Altre componenti del conto economico complessivo al netto dell' effetto fiscale (non successivamente riclassificate nel Conto Economico)** | **7** | **(16)** |
| **Altre componenti del conto economico complessivo (successivamente riclassificate nel Conto Economico)** | - | - |
| Variazione netta di fair value delle attività disponibili per la vendita | **-** | **-** |
| **Altre componenti del conto economico complessivo al netto dell' effetto fiscale (successivamente riclassificate nel Conto Economico)** | | |
| | | |
| **Totale utile (perdita) complessivo del periodo** | **(20,777)** | **(13,019)** |

# *Financial statements at 31 December 2015*

## *Cash flow statement*

| *(amounts in Euro thousands )* | | December 31, 2015 | December 31, 2014 |
|---|---|---|---|
| Cash and cash equivalents | | 11,384 | 8,562 |
| **Opening cash and cash equivalents** | **A** | **11,384** | **8,562** |
| **Cash flow from operating activities:** | | | |
| Profit (loss) for the year | | (20,784) | (13,003) |
| Amortization/Depreciation of intangible/tangible assets | | 626 | 411 |
| Change in liabilities for pensions and employee severance indemnity | | (12) | 8 |
| Non-cash costs for stock options | | 87 | 161 |
| Decrease in other non current assets due to option rights | | 86 | 516 |
| Decrease in other current assets due to option rights | | 430 | - |
| Reversal of financial income and charges | | 246 | 375 |
| **Cash flow from operating activities before changes in working capital** | | **(19,320)** | **(11,532)** |
| **Changes in current assets and liabilities:** | | | |
| (Increase) decrease in inventories | | (20) | (98) |
| (Increase) decrease in trade and other receivables | | (4,050) | 1,213 |
| Increase (decrease) in trade and other payables | | 3,708 | 372 |
| Increase (decrease) in other liabilities | | 3,164 | (28) |
| **Total changes in current assets and liabilities** | | **2,802** | **1,459** |
| (Increase) decrease in non-current tax receivables | | 100 | 1,443 |
| Increase (decrease) in non current trade payables | | 2,600 | - |
| Increase (decrease) in other liabilities and liabilities for paid pension | | (1,678) | 2,794 |
| Increase (decrease) in financial activities | | (205) | (5) |
| Interest paid | | (145) | (391) |
| **Total cash flow generated (absorbed) by operating activities** | **B** | **(15,846)** | **(6,232)** |
| **Cash flow from investing activities:** | | | |
| Net (investment) divestment in tangible assets | | (6,047) | (4,627) |
| Net (investment) divestment in intangible assets | | (105) | (107) |
| Net (investment) in other non current assets | | - | 1 |
| (investment) in other financial assets | | (18,162) | - |
| Interest received | | 10 | 15 |
| **Total cash flow generated (absorbed) by investing activities** | **C** | **(24,305)** | **(4,718)** |
| **Cash flow from financing activities:** | | | |
| Increases in capital and share premium reserve | | 39,858 | 6,475 |
| Shareholders' advance payment for share capital increase | | 1,552 | 8,638 |
| Other Equity movemenets (share increase cost) | | (873) | (306) |
| Financial Debts variation | | - | (1,032) |
| Change in finance lease payables | | - | (3) |
| **Total cash flow generated (absorbed) by financing activities** | **D** | **40,537** | **13,772** |
| **Cash flow generated (absorbed) during the year** | **E=B+C+D** | **386** | **2,822** |
| **Closing cash and cash equivalents** | **A+E** | **11,770** | **11,384** |

# *Financial statements at 31 December 2015*

## *Statement of changes in shareholders' equity*

| *(amounts in Euro thousands)* | Capital | Share premium reserve | Other reserves | Stock option plan reserve | Actuarial valuation reserve | Fair value valuation reserve | Retained earnings (accumulated losses) | Profit (loss) for the year | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2012 (published data)** | **43,609** | **-** | **-** | **1,081** | **-** | **15** | **585** | **(22,001)** | **23,289** |
| Effects of IAS 19 emendment | | | | | (62) | | 54 | 8 | |
| **Balance at January 1, 2013** | **43,609** | **-** | **-** | **1,081** | **(62)** | **15** | **639** | **(21,993)** | **23,289** |
| Allocation of prior year result | - | - | - | - | - | - | (3,388) | 3,388 | - |
| Capital reduction ex art 2446 CC | (18,028) | - | - | - | - | - | (577) | 18,605 | - |
| Capital increase | 1,490 | 3,499 | 3 | - | - | - | - | - | 4,993 |
| Capital increase expences capitalized | - | (121) | - | - | - | - | - | - | (121) |
| Decadence of stock options, Plan 2008 B | - | - | - | (329) | - | - | 329 | - | - |
| Decadence of stock options | - | - | - | (422) | - | - | 422 | - | - |
| Personnel costs for stock options 2012 | - | - | - | 160 | - | - | - | - | 160 |
| Profit (loss) for the year | - | - | - | - | (3) | (15) | - | (18,169) | (18,187) |
| **Balance at December 31, 2013** | **27,071** | **3,378** | **3** | **490** | **(65)** | **-** | **(2,575)** | **(18,169)** | **10,133** |

| *(amounts in Euro thousands)* | Capital | Share premium reserve | Other reserves | Stock option plan reserve | Actuarial valuation reserve | Fair value valuation reserve | Retained earnings (accumulated losses) | Profit (loss) for the year | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at Jaunary 1st 2014** | **27,071** | **3,378** | **3** | **490** | **(65)** | **-** | **(2,575)** | **(18,169)** | **10,133** |
| Allocation of prior year result | | - | | - | - | - | (839) | 839 | - |
| Capital reduction ex art 2446 CC | (16,586) | (3,378) | (3) | - | 62 | - | 2,575 | 17,330 | - |
| Capital increase | 389 | 4,580 | - | - | - | - | - | - | 4,969 |
| Capital increase dedicated to SG | 145 | 1,361 | - | - | - | - | - | - | 1,506 |
| Capital increase expences capitalized | - | (306) | - | - | - | - | - | - | (306) |
| Unsubscribed rights for share capital increase | - | - | 45 | - | - | - | - | - | 45 |
| Shareholders' advance payment for share capital increase | - | - | 8,593 | - | - | - | - | - | 8,593 |
| Personnel costs for stock options 2012 | - | - | - | 161 | - | - | - | - | 161 |
| Other variations - stock options, Plan 2012 | - | - | - | (7) | - | - | 7 | - | - |
| Profit (loss) for the period | - | - | - | - | (16) | - | - | (13,003) | (13,019) |
| **Balance at December, 31 2014** | **11,019** | **5,635** | **8,638** | **644** | **(19)** | **-** | **(832)** | **(13,003)** | **12,082** |

| *(amounts in Euro thousands)* | Capital | Share premium reserve | Other reserves | Stock option plan reserve | Actuarial valuation reserve | Fair value valuation reserve | Retained earnings (accumulated losses) | Profit (loss) for the year | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at Jaunary 1st 2015** | **11,019** | **5,635** | **8,638** | **644** | **(19)** | **-** | **(832)** | **(13,003)** | **12,082** |
| Allocation of prior year result | - | - | - | - | - | - | (13,003) | 13,003 | - |
| Shareholders' advance payment for share capital increase | - | - | 1,552 | - | - | - | - | - | 1,552 |
| Use of Shareholders' advance payment for share capital increase | - | - | (10,145) | - | - | - | - | - | (10,145) |
| Capital increase | 8,823 | 41,002 | - | - | - | - | - | - | 49,825 |
| Capital increase expenses capitalized | - | (873) | - | - | - | - | - | - | (873) |
| Unsubscribed rights for share capital increase | - | - | 178 | - | - | - | - | - | 178 |
| Personnel costs for stock options 2012 | - | - | - | 87 | - | - | - | - | 87 |
| Other variations - stock options, Plan 2012 | - | - | - | (315) | - | - | 315 | - | - |
| Profit (loss) for the period | - | - | - | - | 7 | - | - | (20,784) | (20,777) |
| **Balance at December, 31 2015** | **19,842** | **45,764** | **223** | **416** | **(12)** | **-** | **(13,520)** | **(20,784)** | **31,929** |