

ERYTECH PHARMA

A French joint-stock company (*Société anonyme*) with share capital of € 2,578,442.10

Registered office: 60 Avenue Rockefeller, 69008 Lyon

Lyon Trade and Companies Register 479 560 013 RCS

(the “**Company**”)

SPECIAL REPORT OF THE BOARD OF DIRECTORS WITH REGARD TO THE ALLOCATION OF BONUS SHARES

In accordance with the provisions of Article L.225-197-4, paragraph 1 of the French Commercial Code, this report provides information regarding bonus shares allocated under the delegations of authority granted to the Board of Directors by the General Shareholders’ Meetings of June 21, 2019 and of June 26, 2020 to employees and executive officers who held no more than 10% of the share capital in our Company during the financial year ended December 31, 2020.

It is important to highlight that, in accordance with Article L.225-197-1 of the French Commercial Code, this bonus allocation may not result in employees and management holding more than 10% of the share capital.

I. AGA₂₀₁₉ Plan

On October 9, 2019, the Board of Directors approved and adopted in all requirements the draft regulations of the 2019 bonus share allocation plan (the “**AGA₂₀₁₉ Plan**”), the main features of which are presented below.

The shares will be definitively allocated to beneficiaries primarily if they are still corporate officers or employees of the Company or of an affiliated company at the end of each vesting period, as described in greater detail in the AGA₂₀₁₉ Plan. The number of shares which will be definitively allocated will be determined on the basis of a performance objective based on the increase of the Company’s share price between the initial allocation date and the end of each vesting period, as described in greater detail in the AGA₂₀₁₉ Plan.

Beneficiaries may also waive the allocation of bonus shares in part or in full prior to their definitive allocation.

Allocation of 50,037 bonus shares on February 25, 2020

On February 25, 2020, the Chief Executive Officer with the authorization of the Board of October 9, 2020, under the AGA₂₀₁₉ Plan, allocated a total number of 50,037 bonus shares to employees and determined the identity of the Beneficiaries and the number of common shares allocated to each of them.

The Chief Executive Officer has decided, taking into account the maximum number of bonus shares remaining to be granted amounting to 99,059 shares with a par value of €0.10 each to be issued at the end of each vesting period, to grant the following number of shares in several tranches to the Beneficiaries:

- **Tranche 1:** 16,011 AGA₂₀₁₉₋₂₅₀₂₂₀₂₀ shares;
- **Tranche 2:** 16,011 AGA₂₀₁₉₋₂₅₀₂₂₀₂₀ shares; plus the total number of shares not definitively allocated to the beneficiaries under Tranche 1; and
- **Tranche 3:** 16,011 AGA₂₀₁₉₋₂₅₀₂₂₀₂₀ shares; plus the total number of shares not definitively allocated to beneficiaries under Tranche 2;
- **Tranche 4:** 1,006 AGA₂₀₁₉₋₂₅₀₂₂₀₂₀ shares; plus the total number of shares not definitively allocated to the beneficiaries under Tranche 3; and
- **Tranche 5:** 998 AGA₂₀₁₉₋₂₅₀₂₂₀₂₀ shares; plus the total number of shares not definitively allocated to beneficiaries under Tranche 4;

The Chief Executive Officer has established the conditions for allocation as follows:

- **Vesting periods:** the initial allocations will not become definitive until the end of the following vesting periods, subject to the criteria and conditions presented in the AGA₂₀₁₉ Plan:
 - one (1) year from February 25, 2020 for Tranche 1;
 - two (2) years from February 25, 2020 for Tranche 2;
 - three (3) years from February 25, 2020 for Tranche 3,
 - four (4) years from February 25, 2020 for Tranche 4; and
 - five (5) years from February 25, 2020 for Tranche 5.
- **Retention period:** As of the Final Allocation of the Shares, the Beneficiary must hold all vested Shares in Tranche 1 for a Retention Period of one (1) year. No Retention Period is required for the vested Shares in Tranche 2, Tranche 3, Tranche 4 or Tranche 5.

II. AGA₂₀₂₀ Plan

On July 28, 2020, the Board of Directors approved and adopted in all requirements the draft regulations of the 2020 bonus share allocation plan (the “AGA₂₀₂₀ Plan”), the main features of which are presented below.

The shares will be definitively allocated to beneficiaries primarily if they are still corporate officers or employees of the Company or of an affiliated company at the end of each vesting period, as described in greater detail in the AGA₂₀₂₀ Plan. The number of shares which will be definitively allocated will be determined on the basis of a performance objective based on the increase of the Company’s share price between the initial allocation date and the end of each vesting period, as described in greater detail in the AGA₂₀₂₀ Plan.

Beneficiaries may also waive the allocation of bonus shares in part or in full prior to their definitive allocation.

Allocation of 250,012 bonus shares on July 28, 2020

On July 28, 2020, the Board, under the AGA₂₀₂₀ Plan, allocated a total number of 250,012 bonus shares to employees and corporate executives (of which 28,125 AGA₂₀₂₀₋₂₈₀₇₂₀₂₀ to Gil Beyen, Chief Executive Officer, 23,438 AGA₂₀₂₀₋₂₈₀₇₂₀₂₀ to Jérôme Bailly, Deputy General Manager and 46,875 AGA₂₀₂₀₋₂₈₀₇₂₀₂₀ to Eric Soyer, Deputy general Manager) and determined the identity of the Beneficiaries and the number of common shares allocated to each of them.

The Chief Executive Officer has decided, taking into account the maximum number of bonus shares to be granted of 400,000 shares with a par value of €0.10 each to be issued at the end of each vesting period, to grant the following number of shares in several tranches to the Beneficiaries:

- **Tranche 1:** 80,000 AGA₂₀₂₀₋₂₈₀₇₂₀₂₀ shares;
- **Tranche 2:** 80,000 AGA₂₀₂₀₋₂₈₀₇₂₀₂₀ shares; plus the total number of shares not definitively allocated to the beneficiaries under Tranche 1; and
- **Tranche 3:** 80,000 AGA₂₀₂₀₋₂₈₀₇₂₀₂₀ shares; plus the total number of shares not definitively allocated to beneficiaries under Tranche 2;
- **Tranche 4:** 5,048 AGA₂₀₂₀₋₂₈₀₇₂₀₂₀ shares; plus the total number of shares not definitively allocated to beneficiaries under Tranche 3;
- **Tranche 5:** 4,964 AGA₂₀₂₀₋₂₈₀₇₂₀₂₀ shares; plus the total number of shares not definitively allocated to beneficiaries under Tranche 4.

The Chief Executive Officer has established the conditions for allocation as follows:

- **Vesting periods:** the initial allocations will not become definitive until the end of the following vesting periods, subject to the criteria and conditions presented in the AGA₂₀₂₀ Plan:
 - one (1) year from July 28, 2020 for Tranche 1;
 - two (2) years from July 28, 2020 for Tranche 2;
 - three (3) years from July 28, 2020 for Tranche 3;
 - four (4) years from July 28, 2020 for Tranche 4; and
 - five (5) years from July 28, 2020 for Tranche 5.
- **Lock-up period:** the lock-up period for Tranche 1 is one (1) year from the end of the vesting period for Tranche 1 and will end on July 28, 2022. No lock-up period is applicable to the fully vested shares in Tranche 2, Tranche 3, Tranche 4 or Tranche 5.

III. ALLOCATION TO THE 10 EMPLOYEES ALLOCATED THE HIGHEST NUMBER OF BONUS SHARES

Finally, we present to you the number and value of shares which have been allocated by our Company during the financial year ended December 31, 2020 to each of the ten employees of our Company, who are not corporate officers (for confidentiality reasons and to respect the right of individuals to protection of their personal data, we have not stated the identity of the employees) and who have been allocated the highest number of bonus shares under the 2019 Plan and 2020 Plan:

1. To employee A, 20,000 shares with a nominal value of €0.10 each,
2. To employee B, 11,250 shares with a nominal value of €0.10 each,
3. To employee C, 11,250 shares with a nominal value of €0.10 each,
4. To employee D, 10,481 shares with a nominal value of €0.10 each,
5. To employee E, 10,481 shares with a nominal value of €0.10 each,
6. To employee F, 9,250 shares with a nominal value of €0.10 each,
7. To employee G, 6,250 shares with a nominal value of €0.10 each,
8. To employee H, 6,250 shares with a nominal value of €0.10 each,
9. To employee I, 6,250 shares with a nominal value of €0.10 each,

10. To employee J, 6,250 shares with a nominal value of €0.10 each.

The total number of beneficiaries is 127 individuals, of which 3 are executive officers.

In accordance with the law and the decision of the Extraordinary Shareholders' Meeting, these new shares will not be definitively allocated to the above-mentioned individuals until the end of the vesting period set at one year for Tranche 1. Upon expiration of this period, the bonus shares of Tranche 1 must be retained by their beneficiaries for a period of one year.

IV. PROVISIONS IN THE EVENT OF DEATH OR DISABILITY OF A BENEFICIARY

In the event of the death or disability of a beneficiary, the following provisions will apply to the 2019 Plan and to the 2020 Plan.

Tranche 1:

The definitive allocation of shares may however take place before the end of the vesting period of one year, in the case of a request within the six months from a rightful claimant of a beneficiary who has suffered disability or death.

Likewise, the lock-up period for bonus shares, defined above, will be canceled and the shares will be freely transferable in the event of disability of beneficiaries of this allocation, presenting the same characteristics, during the lock-up period. The same applies in the event of death of beneficiaries before the end of the lock-up period, with heirs entitled to freely transfer the bonus shares granted to beneficiaries who have died.

Tranches 2, 3, 4 and 5

In accordance with the decision of the Extraordinary Shareholders' Meeting, these shares will only be definitively allocated to the above individuals at the end of the vesting period, set at two years for Tranche 2, three years for Tranche 3, four years for Tranche 4 and five years for Tranche 5 as from the date of the allocation decision by the Board.

No lock-up period is imposed on beneficiaries of bonus shares once the vesting period has ended.

Chairman of the Board of Directors
Jean-Paul Kress