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Pherecydes Pharma launches a capital increase for c. €3m to continue its clinical development program in phage therapy

- **Global Offering aimed at institutional investors, as well as individual investors via the PrimaryBid platform**
- **Subscription commitments totaling at least €2.3 million from longstanding shareholders, including Elaia Partners, Go Gapital, GR Pool (investor-shareholders associated with Guy Rigaud) and Fa dièse**
- **Closing of the PrimaryBid Offering on September 21, 2022 at 10 pm Paris time and of the Reserved Offering on September 22, 2022 before the market opens**
- **Based on a cash position of €1m on August 30, 2022, the funds raised will notably be used to finance the clinical development program in phage therapy until the end of March 2023**

Nantes, September 21, 2022, 5:35 pm CEST – Pherecydes Pharma (FR0011651694 - ALPHE), a biotechnology company specializing in precision phage therapy to treat resistant and/or complicated bacterial infections, today announces the launch of a c. €3 million capital increases via the issuance of new common shares aimed at institutional investors and at individuals (via the PrimaryBid platform).

Didier Hoch, Chairman and CEO of Pherecydes Pharma, said: *“Pherecydes Pharma has been able to deploy its entire strategic plan in accordance with its commitments at the time of the Company’s IPO in early 2021. Over the coming months, our clinical strategy will largely focus on our anti-S. aureus phages with the ramping up of the PhagoDAIR study on a European scale, clinical studies financed within the framework of PHRC hospital clinical research programs, and additional Phase II clinical studies, also associated with other bacterial targets. In order to support this strong clinical development momentum, we are today launching a €3 million capital increase that is benefiting from subscription commitments from some of our longstanding shareholders to the tune of at least €2.3 million. As individual investors played an important role in Pherecydes Pharma’s development at the time of its IPO, we wanted to involve them in this financial operation through the PrimaryBid Offering. This financing operation will thus allow Pherecydes Pharma to calmly focus on its primary mission: the clinical development of the most effective phages for fighting resistant bacterial infections”.*



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Purpose of the operation

The proposed Offer is intended to provide the Company with the means to finance its activities until the end of March 2023. The Company is planning to devote the net proceeds of this operation as follows:

1. 50% to the clinical development of anti-*Staphylococcus aureus* (*S. aureus*) phages notably including:
 - the ramping up of the PhagoDAIR Phase II study in France and Europe with the opening of new clinical centers in the Netherlands, through to the key criterion assessment stage;
 - the preparation and initiation of another Phase II study in a clinical indication with substantial medical needs;
 - the launch and management of studies (PHRC) for which the Company is not the sponsor (PhagoPied, Phagos) via the conducting of Phagograms and various associated costs;
2. around 30% to the development of anti-*Pseudomonas aeruginosa* phages notably including:
 - the initiation of a regulatory toxicology study;
 - the preparation and initiation of a (Phase II) clinical study in an indication associated with respiratory infections with substantial medical needs;
3. around 10% to perfecting manufacturing and quality control processes, producing GMP batches of *E. Coli* phages and completing preclinical development;
4. around 10% to research work associated with the identification of a new bacterial target, as well as to the Company's other running costs.

The Company had cash and cash equivalents of €1 million at August 30, 2022. This information is based on unaudited preliminary data concerning mainly cash and cash equivalents for the period to June 30, 2022, and will be the subject of a press release due to be published on October 27, 2022, once the situation at June 30, 2022 has been approved by the Board and examined by the Company's statutory auditors. The Company estimates that its cash and cash equivalents at June 30, 2022 will enable it to finance its activities through to mid-November 2022. Given its current development plans, the Company estimates that the net proceeds of the Offering, if carried out, combined with its current cash and cash equivalents will enable it to finance its activities through to end-March 2023. The Company estimates that, after taking into account the net proceeds of the Offer, and subject to the successful completion of the Offer, the additional financing requirements to meet its cash needs for the next twelve months (said cash needs being estimated at €7 million), i.e. until the end of September 2023, are €4 million.

At the same time, and in order to be able to meet its cash requirements to finance its activities over the next twelve months, the Company will have to seek additional financing solutions, including a contingent equity line, standard or bond debt, with third parties or shareholders, but also subsidies and/or repayable advances specifically relating to the Company's research programs. Moreover, the Company could adjust its operational plans, notably by delaying or limiting the extent of its development program.

Terms of the financing operation

The Offering will be carried out in three distinct but concomitant operations:

- an offer via the issuance of new common shares with pre-emptive rights waived for certain categories of investors (in accordance with Resolution 18 approved by the Annual General Meeting of May 19, 2022 – the "AGM"), pursuant to article L. 225-138 of the French



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Commercial Code (*Code de Commerce*) (the “**Reserved Offering**”), this Offering being solely reserved for the categories of investors defined by the AGM as follows:

- one or more French or foreign investment companies or investment funds (i) investing primarily in, or having invested more than €2 million in during the 24 months prior to the capital increase in question, the life sciences and technologies sector, and (ii) investing a unit subscription amount exceeding €100,000 (issuance premium included); and/or
 - one or more of the Company’s strategic partners in France or abroad that have signed or are due to sign one or several commercial partnership agreements (development, co-development, distribution, manufacturing, etc.) with the Company (or a subsidiary) and/or one or several companies that these partners control, that directly control these partners or that are controlled by the same people as these partners, directly or indirectly, within the meaning of article L.233-3 of the French Commercial Code;
 - any person, including the Company’s suppliers and bondholders, holding an unquestionable, liquid and due claim on the Company;
 - any of the Company’s management team, Board members and/or executive employees wishing to invest concomitantly with beneficiaries in the categories indicated above.
- An offer via the issuance of new common shares with pre-emptive rights waived for qualified investors or a limited circle of investors, pursuant to article L. 411-2, 1° of the French Monetary and Financial Code (*Code Monétaire et Financier*) (in accordance with AGM Resolution 17), pursuant to article L. 225-136 of the French Code of Commerce (the “**Private Placement**”, and together with the Reserved Offer, the “**Global Placement**”); and
- An offer to the public with no designated beneficiary, via the issuance of new common shares with pre-emptive rights waived, for individuals who are French nationals or citizens of European Economic Area member states, via the PrimaryBid platform, which will be carried out via an allocation proportional to demand, limited to the amount allocated to this public offer, with allocations reduced should demand exceed this limit, pursuant to article L. 225-136 of the French Commercial Code and article L. 411-2-1, 1° of the French Monetary and Financial Code (in accordance with AGM Resolution 16) (the “**PrimaryBid Offering**”, and, together with the Global Placement, the “**Offering**”).

The size of the Global Offering will depend exclusively on the orders received for each of the operations detailed above without the possibility of reallocating the sums allocated from one to the other. It is specified that the PrimaryBid Offering for individuals is incidental to the Global Placement and will represent a maximum of 20% of the total amount of the Offering. In any event, the PrimaryBid Offering and the corresponding capital increase will not be carried out if the capital increases within the framework of the Global Placement are not carried out.

The Reserved Offering will be carried out via an accelerated book-building process, following which the number and price of the new shares to be issued will be set. The subscription price of the new shares that will be set following this process within the framework of the Reserved Offering will be at least equal to Pherecydes Pharma’s volume-weighted average share price during the five trading sessions preceding the setting of the issue price, if applicable reduced by a maximum discount of 25% and in accordance with AGM Resolution 18 (and in accordance with AGM Resolutions 16 and 17) and the subscription price thus set within the framework of the Reserved Offering will be the same for all the operations comprising the Offering, i.e. the Private Placement and the PrimaryBid Offering.

The issuance price of the new shares and the definitive number of new shares to be issued will be decided by the Company’s Chairman and CEO, under and within the scope of the sub delegations of



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competence granted by the Company's Board of Directors on the date of this press release in accordance with the Resolutions approved by the AGM and the sub delegations of competence granted to the Chairman and CEO by the Board of Directors.

The accelerated book-building process within the framework of the Global Placement will begin immediately following the publication of this press release and should close before the markets open tomorrow (September 22, 2022), subject to any early or extended closing. The PrimaryBid Offering will begin immediately and close at 10 pm CEST today, subject to any early closing. The Company will announce the results of the Global Offering via a press release as soon as possible after the book-building ends.

The Global Placement will be available to institutional investors (qualified investors) in the European Union (including France) and outside France with the exception of the United States, Canada, Australia and Japan.

Settlement-Delivery of the new common shares to be issued within the framework of the Global Placement and the PrimaryBid Offering and their admission for trading on the Euronext Growth® Paris multilateral trading facility are scheduled for September 26, 2022.

Subscription commitments

Longstanding shareholders Elaia Partners, Go Gapital, investors associated with Mr. Guy Rigaud (the "GR Pool") and Fa dièse, which have, on a non-diluted basis, 18.2%, 12.0%, 6.1% and 2.4% stakes in the Company respectively, have pledged to subscribe a minimum total of €2.3m within the framework of the Global Placement, i.e. €1m, 0.75m, 0.35m and 0.2m respectively.

The subscription commitments received by the Company, as detailed above, thus represent 77% of the planned size of the Offering.

Given the participation in the Offer of shareholders who are also directors of the Company, appropriate governance measures have been taken to prevent any risk of conflict of interest within the Board of Directors of the Company at the time of the launch of the Offer and, in this respect, the representatives on the Board of Directors of Elaia Partners, Go Gapital, and of the investors gathered around Mr. Guy Rigaud, did not take part in the vote of the Board of Directors that decided to launch the Offer.

Lock-up commitments

Within the framework of the Offering, the Company has signed a lock-up commitment that comes into effect on the date of the signing of the placement agreement concluded between the Company and the banks today and for a period of 90 days following the settlement/delivery of the Offering, subject to certain customary exceptions.

Financial intermediaries

Portzamparc (BNP Paribas Group) is acting as Global Coordinator, Listing Sponsor, Lead Manager and Joint Bookrunner. Invest Corporate Finance is acting as Joint Lead Manager and Invest Securities is acting as Joint Bookrunner within the framework of the Global Placement.

Within the framework of the PrimaryBid Offering, investors may only subscribe via the PrimaryBid partners mentioned on the PrimaryBid website (www.PrimaryBid.fr). The PrimaryBid Offering is not covered by an underwriting agreement. For further details, please go to the PrimaryBid website at www.PrimaryBid.fr.



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The Offering is not subject to a prospectus requiring a visa from the AMF stock market authority.

Risk factors

The public's attention is drawn to the risk factors relating to the Company and its business, presented in chapter 3 of the Company's information document, available free of charge on the Company's website (www.pherecydes-pharma.com) and on the Euronext website (www.euronext.com), as updated in section 1.6 of the 2021 Annual Financial Report, available free of charge on the Company's website (www.pherecydes-pharma.com). The occurrence of some or all of these risks could have an adverse effect on the Company's business, financial condition, results, development or prospects. With the exception of the update of the liquidity risk as referred to in the paragraph "Objective of the transaction" of this press release and the risks specific to the transaction referred to below, the Company believes that there is no reason to update the risk factors as referred to in chapter 3 of the information document as amended in section 1.6 of the 2021 Annual Financial Report.

Additionally, investors are invited to consider the following risks specific to this issue: (i) the market price of the Company's shares may fluctuate and fall below the subscription price of the shares issued within the framework of the Offering, (ii) the volatility and liquidity of the Company's shares may fluctuate significantly, (iii) divestments of the Company's shares may take place on the market and have a negative effect on its share price, (iv) the Company's shareholders could suffer potentially significant dilution resulting from any future capital increases required to provide the Company with additional financing, and (v) as these shares are not intended to be listed on a regulated market, investors will not benefit from the guarantees associated with regulated markets.

This press release does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended, nor an offer to the public.

About Pherecydes Pharma

Founded in 2006, Pherecydes Pharma is a biotechnology company that develops treatments against resistant bacterial infections, responsible for many serious infections. The Company has developed an innovative approach, precision phage therapy, based on the use of phages, natural bacteria-killing viruses. Pherecydes Pharma is developing a portfolio of phages targeting 3 of the most resistant and dangerous bacteria, which alone account for more than two thirds of hospital-acquired resistant infections: *Staphylococcus aureus*, *Escherichia coli* and *Pseudomonas aeruginosa*. The concept of precision phage therapy has been successfully applied in several dozen patients in the context of compassionate use, under the supervision of the French National Agency for the Safety of Medicines (ANSM). Headquartered in Nantes, Pherecydes Pharma has a team of around twenty experts from the pharmaceutical industry, biotechnology sector and academic research.

For more information, www.pherecydes-pharma.com



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Contacts

Pherecydes Pharma

Thibaut du Fayet

Deputy CEO

investors@pherecydes-pharma.com

NewCap

Dusan Oresansky / Nicolas Fossiez

Investor Relations

pherecydes@newcap.eu

T.: +33 1 44 71 94 92

NewCap

Arthur Rouillé

Media Relations

pherecydes@newcap.eu

T.: +33 1 44 71 00 15

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This announcement is an advertisement and not a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "**Prospectus Regulation**").

In France, the Offering described above will take place solely as (i) a reserved offering to the benefit of categories of investors pursuant to Article L.225-138 of the French Commercial Code, and (ii) a private placement to "qualified investors" or a "limited circle of investors" within the meaning of Article L.411-2, 1° of the French Monetary and Financial Code and of Article 2(e) of Prospectus Regulation (EU) 2017/1129 of 14 June 2017, as amended, and (iii) a public offering of securities pursuant to Article L.225-136 of the French Commercial Code and L. 411-2-1 1° of the French Monetary and Financial Code.

With respect to Member States of the European Economic Area (including France), no action has been taken or will be taken to permit a public offering of the securities referred to in this press release which would require the publication of a prospectus (pursuant to article 3 of the Prospectus Regulation) in any Member State.

This press release and the information it contains is not an offer to sell, nor the solicitation of an offer to subscribe for or buy, new ordinary shares in the United States or any other jurisdiction where restrictions may apply including notably Canada, Australia or Japan. Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from registration thereunder. Pherecydes does not intend to conduct a public offering of the new ordinary shares in the United States, or in any other jurisdiction.

This communication is being distributed only to, and is directed only at (a) persons outside the United Kingdom, (b) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), and (c) high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as "**Relevant Persons**"). Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this communication or any of its contents.



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Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the new ordinary shares has led to the conclusion in relation to the type of clients criteria and only that: (i) the types of clients to whom the new ordinary shares are targeted are eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU, as amended ("**MiFID II**"); and (ii) all channels for distribution of the new ordinary shares to eligible counterparties, professional clients and retail clients are appropriate. Any person subsequently offering, selling or recommending the new ordinary shares (a "**Distributor**") should take into consideration the manufacturers' type of client assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the new ordinary shares (by either adopting or refining the manufacturers' type of client assessment) and determining appropriate distribution channels. For the avoidance of doubt, even if the target market includes retail clients, the joint lead managers and bookrunners have decided they will only procure investors for the new ordinary shares who meet the criteria of eligible counterparties and professional clients.

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The joint lead managers and bookrunners are acting exclusively for the Company and no one else in connection with the reserved offering and the private placement and will not regard any other person (whether or not a recipient of this press release) as its client in relation to the reserved offering and the private placement and will not be responsible to anyone other than the Company for providing the protections afforded to their client nor for providing advice in relation to the proposed reserved offering and private placement.