PHAXIAM

SHAREHOLDER LETTER

Dear Madam, dear Sir, dear shareholders,

This letter is an opportunity to look back at PHAXIAM's highlights since its creation last year, and to present our short and medium-term clinical development strategy. I am also delighted to be able to share with you the interview with Pr. Tristan Ferry on the challenges of phage therapy, which you can find on page 3.

Since the completion of the merger between Erytech and Pherecydes in June 2023, the day-to-day work of our teams has revolved around a shared ambition: **create a world leader in phage therapy targeting high-value indications.**

Phage therapy represents indeed a highly promising therapeutic field, marked by major recent international transactions, notably in the United States. This growing interest supports our refocus on indications where medical needs are the greatest, in particular Prosthetic Joint Infections (PJI) caused by staphylococcus aureus (*S. aureus*), an area in which we are the most advanced player globally.

Based on the promising clinical activity signals observed in some 100 "hard-to-treat" patients treated to date in the compassionate setting, and the lessons learned from our PhagoDAIR study, we are actively preparing the launch of the world's first Phase 2 study for patients with Knee or Hip Prosthetic Joint Infections caused by *S. aureus*. Following positive feedback from the FDA and the EMA, we are targeting approval of its clinical protocol in the 4th quarter of 2024. This is the most strategic clinical study for PHAXIAM.

We also initiated a Phase 1 clinical study in endocarditis infections caused by *S. aureus* in April 2024, involving 5 French clinical centers. The first results are expected for the end of the 3rd quarter of 2024 and will provide an opportunity to assess the efficacy of intravenous administration of our phages, which is particularly adapted to address indications with significant medical needs, such as bacteremia.

The versatility of our phage therapy platform also allows us to develop a comprehensive portfolio of therapeutic solutions addressing the challenges caused by antimicrobial resistance. A Phase 2 study is planned by Nîmes Hospitals in diabetic foot ulcer infections, with recruitment of the 1st patient expected in the near future. We have also received authorization from the French health authority (ANSM), enabling us to potentially plan a Phase 1 study targeting complex urinary tract infections caused by *E. coli*.

PHAXIAM's first year has thus been instrumental to our clinical strategy, which we have refocused on the most severe bacterial infections and accelerated through the preparation of this global Phase 2 in osteoarticular infections, ensuring our eligibility for early access pathway in Europe. I look forward to keeping you informed of our future progress and would like to thank you for your continued support.

Yours sincerely,

THIBAUT DU FAYET
Chief Executive Officer

Key figures

~100

Patients treated

in real-life setting with PHAXIAM phage therapy (42 in PJI*) by end-April 2024

~80%

Control rate at infection for PJI

at 3 months in compassionate treatment

3 bacteria

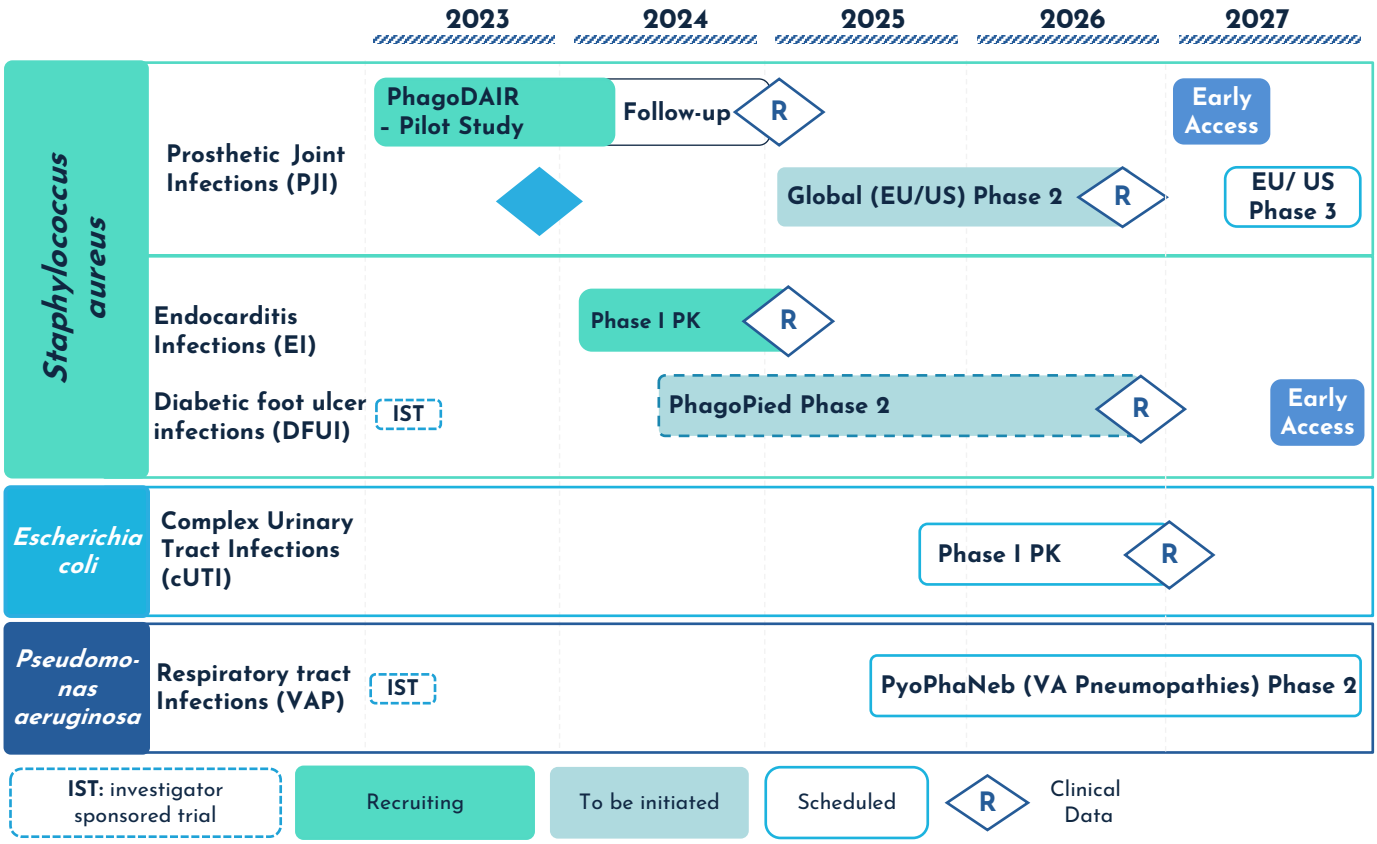
among the most virulent

targeted (*S. Aureus*, *E. coli*, *P. Aeruginosa*)

**PJI: Prosthetic Joint Infections*

PHAXIAM

A balanced clinical portfolio in severe infections



PJI, a strategic indication for PHAXIAM

1 Attractive indication

Relatively High incidence: ~50-60K PJI (US/EU estimates 2027)

Very high economic burden: Cost ~$150 000 in US, €50-70K in EU (per patient)

2 Strong competitive position

Most advanced player in EU and US, 18-24-month lead over 1st competitor (BioMX, Armata)

Clear leadership: potentially 1st to Market

3 High medical need

Rare and devastating complication (failure rate: 50% after DAIR**); high risk of reinfection (60%), amputation (~11%), mortality (25% at 5 years)

4 High probability of POC

Derisked development thanks to compassionate real-life treatments and local administration route (less risky than the IV one)

1st worldwide study in phage therapy

GLORIA: 1st phase 2 study conducted worldwide to assess the efficacy and safety of phage therapy in 100 patients suffering from PJI (hip or knee) with open surgical debridement (DAIR) combined with antibiotics

Launch expected in Q1 2025

***Note: SOC = Debridement, Antibiotics, Implant Retention*

Phagotherapy: a valuable solution against antimicrobial resistance

Interview with Pr. Tristan FERRY

Infectiologist and coordinator of CRIOAc Lyon, France.
Deputy Head of the Infectious and Tropical Diseases Department at Hôpital de la Croix-Rousse

How can we explain the renewed interest in phage therapy today?

This renewed interest can be explained by a number of converging factors, reflecting contemporary medical challenges. Firstly, the growth in the number of implants, correlated with an aging population, has led to an increase in infections associated with these devices. Phage therapy is emerging as a hope for these infections, as phages specifically target the bacterial biofilm, where antibiotics often show limited efficacy. Secondly, the growing threat of antibiotic resistance has prompted physicians to explore new therapeutic strategies. In many cases that I have observed, patients with resistant infections find themselves in a therapeutic impasse, with only one or two antibiotics still active. Finally, there is a growing awareness of the importance of pharmaceutical-grade phages, as they open the way to more effective and better-controlled treatments.

What are the indications for this type of treatment?

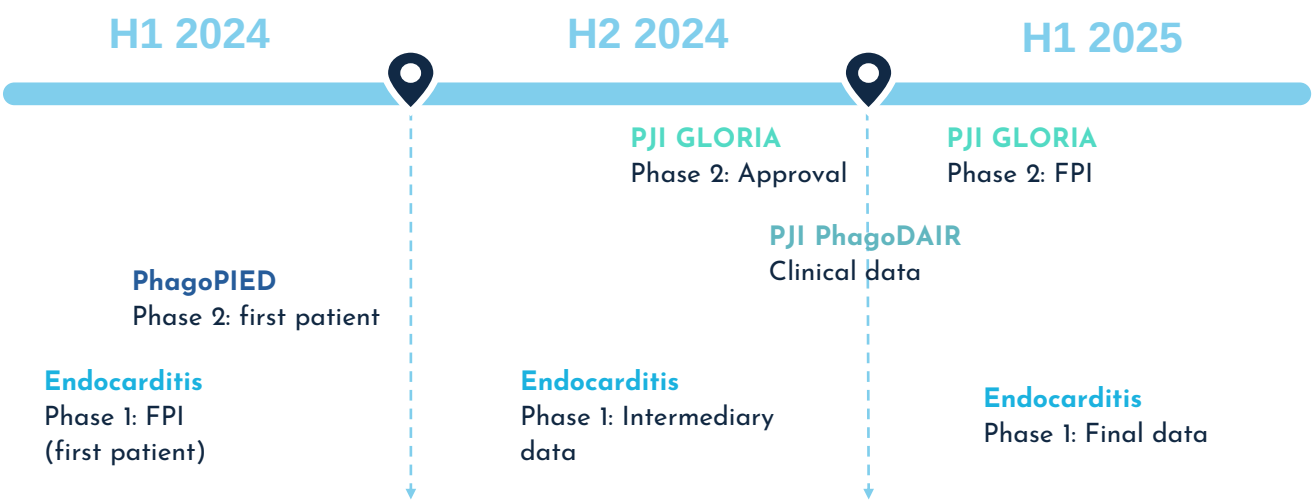
Phage therapy is particularly relevant in cases of complex infections resistant to conventional treatments. Key indications for this therapeutic approach include infections encountered in hospital, such as infections of joint prostheses, lungs or heart valves. In these situations, where antibiotics often show limited or no efficacy, phage therapy may represent a promising strategy as adjuvant therapy. We are assessing this potential through our PhagoDAIR pilot study, which we are running across several centers in Europe, opening up new possibilities for patients and reinforcing physicians' conviction in the value of this approach. In addition, this study has enabled us to integrate phage therapy more effectively into the treatment pathway. All these achievements have enabled PHAXIAM to optimize the clinical protocol of its Phase 2 GLORIA study in PJI.

What do you think of the PHAXIAM initiative, particularly as regards S. aureus PJIs?

The PhagoDAIR study included recurrent patients with chronic infections who had already been treated with antibiotics. Although it took a long time, we will be able to leverage on the experience acquired during this study for the global Phase 2 study, GLORIA. First of all, we were able to mobilize centers not only in France but also in Europe, whether in Spain, Germany or the Netherlands. We have thus generated a great deal of interest in phage therapy in the European medical community, which will facilitate patient access to this type of treatment. The GLORIA study will benefit from broader inclusion criteria, with patients presenting more common and less recurrent forms of infection, and an optimized treatment regimen thanks to the lessons learned from the PhagoDAIR study. The GLORIA study is thus an ideal trial to demonstrate the relevance of phage therapy in the treatment of severe infections on an international scale.

Last but not least, we can see that there is a real craze for pharmaceutical-grade phages, with the stakes of international competition very high. The United States, for example, is very open to phage therapy, and takes a keen interest in everything that is done in PJIs, which represents a major advantage for PHAXIAM with a view to launching the GLORIA study in the United States and Europe.

An extensive regulatory and clinical newsflow



Press Coverage

Les Echos

July 11, 2023

Two healthcare biotech companies merge to become PHAXIAM

Pherecydes, a pioneer in virus-killing phage therapy, and Lyon-based biotech Erytech join forces. Pherecydes brings its promising discoveries on phages, natural or genetically modified cells capable of better targeting treatment-resistant bacteria in the body. This offers hope in the fight against hospital-acquired diseases.

La Tribune

October 8, 2023

Biotechnologies in Lyon: phages make a comeback to fight antimicrobial resistance

Phaxiam, the new Lyon-based company resulting from the merger of biotech Erytech and Nantes-based Pherecydes Pharma, researches and develops phage therapy solutions to combat infectious diseases and antimicrobial resistance. Phaxiam is one of the international players in this field. The aim is to offer combinations and alternatives to antibiotics for certain infections, including endocarditis, pulmonary and osteoarticular infections.

La gazette du LABORATOIRE

March 18, 2024

Phaxiam Therapeutics: an innovative approach to fight antimicrobial resistance

Phaxiam relies on an innovative approach based on the use of phages, natural bacteria-killing viruses. Resistance to antimicrobial therapy is a major global public health issue. World Health Organization statistics currently predict 1.5 million deaths per year. By 2050, there could be 10 million deaths a year if alternative therapeutic solutions are not found.

investir

December 2, 2023

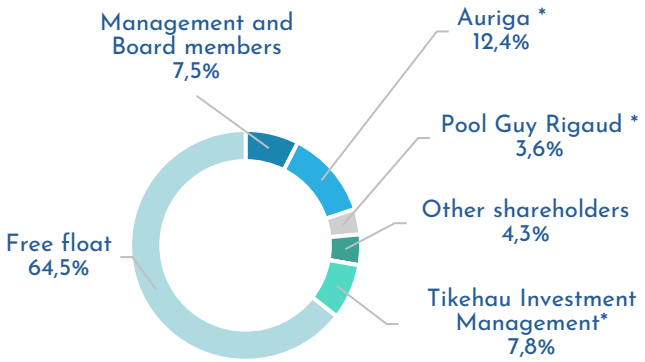
Phaxiam – Phages take on antimicrobial resistance

Antimicrobial resistance causes over a million deaths every year, and no new class of antibiotics has been launched for forty years. The newsflow is rich and the technology is already in use.

Advice: Speculative Buy / Target price: €5

Shareholding structure

As of 12/31/2023



Notes
* Based on the latest declarations of threshold crossing and available information

Shareholder handbook

EURONEXT Ticker: PHXM

- ISIN code: FR001400K4B1
- Share price as of 05/14/2024: €3.03
- Market cap.: €18 million
- Cash position as of 03/31/2024: €5.8 million

PHAXIAM is a member of the following indices:

CAC Healthcare, CAC Pharma & Bio, CAC Mid & Small, CAC All Tradable, EnterNext PEA-PME 150 et Next Biotech.

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