UNIVERSAL REGISTRATION DOCUMENT 2023

PHAXIAM

INDEX

2023 Universal Registration Document

including the Annual Financial Report

Dear Shareholders

2023 will have been a year of integration and acceleration of our development strategy. First of all, I would like to express my gratitude for all the immense work accomplished, both individually and collectively by all the employees, since the PHAXIAM adventure began.

So much has been achieved from an operational perspective; without being exhaustive, we can mention the preparation of the regulatory briefing package for the study in osteoarticular infections for the FDA and the EMA in view of the first global Phase 2, the preparation of the endocarditis study and the development of the clinical tests, the management and steering of the PhagoDAIR study, the preparation and submission of the E. coli study, the development of the Phagogramme tests, the management of our industrial partner MB Pharma..., and many other results.

It was extremely complicated to have to manage both the acceleration of our development plan and the process of integrating two companies at the same time, and the PHAXIAM employees made a major contribution to this with a high level of professionalism and commitment. I would like to thank them for this.

PHAXIAM is now positioned as a key figure in Europe in the area of Phagotherapy, and is now perceived as the European leader by medical practitioners, regulatory agencies and our competitors. *The positioning of PhagoDAIR in Europe in four different countries, as well as the launch of several clinical trials in 2024, are clear evidence of this. In addition, we are currently being approached by patient associations in France and Germany seeking access to our treatments.*

Armed with this position, we now have even greater ambitions, as part of our international development strategy: becoming a leading actor on a global level, in particular through the first global Phase 2 in Osteoarticular Infections, which is currently being prepared.

This is an ambitious goal, but I know that I can count on the motivation and talents of PHAXIAM's employees and the commitment of our shareholders to support us in achieving it.

Thank you very much for your involvement and your confidence in the PHAXIAM project.

Thibaut du Fayet
Chief Executive Officer of PHAXIAM Therapeutics

The Universal Registration Document was filed on 5 April 2024 with the *Autorité des Marchés Financiers* (AMF), in its capacity as competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said Regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a securities note and, where applicable, a summary and any amendments made to the Universal Registration Document. The whole shall be approved by the AMF in accordance with Regulation (EU) 2017/1129.

Copies of the Universal Registration Document are available free of charge at the company's registered office (60 Avenue Rockefeller, 69008 Lyon, France) and on its website (*http://www.phaxiam.com/*).

An electronic version of the document is also available on the AMF website (*https://www.amf-france.org*/).

This universal registration document is a reproduction in pdf format, translated in english, of the official version of the universal registration document established in ESEF format, filed with the AMF on 5 April 2024 and available on the AMF website (*https://www.amf-france.org*). This reproduction is available on our website (*http://www.phaxiam.com/*).

NOTE

In the Universal Registration Document, the terms "PHAXIAM", the "Company" or the "Parent Company", "ERYTECH" refer to PHAXIAM Therapeutics (formerly known as Erytech Pharma), a *société anonyme* with its registered office at 60 Avenue Rockefeller, 69008 Lyon, France, registered with the Lyon Trade and Companies Registry under number 479 560 013. The telephone number for the Company's registered office is + 33 4 78 74 44 38. The term "Group" refers to the Company and ERYTECH Pharma, Inc. whose address is PO Box 507 Lunenburg, MA 01462 United States of America, a subsidiary of the Company. The Company is identified under LEI (Legal Entity Identifier) number 969500U8ZZCODU8A9374.

The Universal Registration Document presents, in particular, the Company's annual financial statements prepared in accordance with accounting standards applicable in France for the year ended 31 December 2023 and a set of consolidated financial statements for the same year in accordance with IFRS accounting standards adopted by the European Union. Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, are included by reference in the Universal Registration Document:

- for the year ended 31 December 2022, the consolidated financial statements, the company financial statements and the related statutory auditors' reports, set out in chapter 5 of the Universal Registration Document filed with the *Autorité des marchés financiers* ("AMF") on 28 March 2023 under no. D.23-0172;
- for the year ended 31 December 2021, the consolidated financial statements, the company financial statements and the related statutory auditors' reports, set out in chapter 5 of the Universal Registration Document filed with the *Autorité des marchés financier*s ("AMF") on 27 April 2022 under no. D.22-0367; and
- key financial information and a review of the Company's financial position and results contained in chapter 5 of the Universal Registration Document 2022 filed with the AMF on 28 March 2023 under no. D.23-0172.

The 2013, 2014, 2015, 2016, 2017 and 2018 Registration Documents and the 2019, 2020, 2021 and 2022 Universal Registration Documents are available on the PHAXIAM (www.phaxiam.com) and AMF (http://www.amf-france.org/) websites.

Unless otherwise indicated, the financial information relating to the Company contained in the Universal Registration Document is extracted from the IFRS consolidated financial statements. The Universal Registration Document also contains information on the Group's objectives and development plans. These statements are sometimes identified by the use of the future tense, the conditional tense and forward-looking words such as "consider", "envisage", "think", "aim", "expect", "intend", "should", "aim", "estimate", "believe", "wish", "may" or, where applicable, the negative of these terms, or any other similar variants or terminology. The reader's attention is drawn to the fact that these objectives and lines of development depend on circumstances or facts whose occurrence or realisation is uncertain.

A glossary defining certain technical terms referred to in the Universal Registration Document is attached as Appendix G.

The reader's attention is drawn to the fact that, unless otherwise stated in the Universal Registration Document, the information contained on the Company's website does not form part of the Universal Registration Document.

DISCLAIMER

The objectives and development guidelines presented are not historical data and should not be interpreted as guarantees that the facts and data stated will occur, that the assumptions will be verified or that the objectives will be achieved. By their nature, these objectives may not be achieved and the statements or information contained in the Universal Registration Document may be incorrect, without the Company being under any obligation to update them, subject to applicable laws and regulations and in particular the General Regulations of the AMF.

The Universal Registration Document also contains information about the Group's business and the market and industry in which it operates. Some of this information comes from sources outside the Group, which have not been independently verified by the Group.

Investors are invited to carefully consider the risk factors described in Chapter 2 "Risk Factors" of the Universal Registration Document before making their investment decision. The occurrence of some or all of these risks could have an adverse effect on the Group's business, financial condition or results, or on the achievement of its objectives. In addition, other risks not yet identified or considered significant by the Group could have the same negative effect and investors could lose all or part of their investment.

Certain figures (including figures expressed in thousands or millions) and percentages presented in the Universal Registration Document have been rounded. Where appropriate, the totals presented in the Universal Registration Document may differ slightly from those which would have been obtained by adding the exact (unrounded) values of these figures.

CHAPTER 1. PRESENTATION OF THE GROUP

1.1 GENERAL OVERVIEW

PHAXIAM Therapeutics is a biotechnology company dedicated to developing new solutions to combat severe and/or resistant bacterial infections. The result of the merger between ERYTECH Pharma and PHERECYDES Pharma, approved by the shareholders of both companies on 23 June 2023, PHAXIAM Therapeutics aims to become a world leader in the treatment of bacterial infections using bacteriophages (or phages), natural viruses capable of fighting antibiotic-resistant bacteria.

Significant progress has been made since the merger to capitalise on synergies within the teams and accelerate the deployment of the Company's strategy in key therapeutic programmes. In particular, the Company is focusing its clinical development programmes on indications where there is a high medical need, mainly for patients suffering from severe, resistant infections caused by Golden Staphylococcus (*Staphylococcus aureus* or *S. Aureus*), which are often associated with high mortality and significant costs.

These challenges relate in particular to osteoarticular prosthetic infections (PJI), where the Company has strengthened its strategic position and leadership. With the signs of clinical activity observed in early compassionate access ("CAA") patients and the most suitable approach of local administration of phages authorised in this indication, the Company is convinced that PJI represents the best option for bringing phages as quickly as possible to initial proof of concept and clinical registration.

S. aureus programme

Osteoarticular prosthesis infections (PJI): a first worldwide phase 2 study likely to lead to the granting of early access authorisation in Europe

Building on the promising activity signals from real-life compassionate treatments and the valuable lessons learned from the ongoing PhagoDAIR pilot study, the Company is preparing the launch of the first global (EU/US) phase 2 study for patients with PJI (hip or knee replacements) who have undergone open surgical debridement (DAIR) combined with antibiotics.

The Company has received positive and consistent feedback from the US Food and Drug Administration (FDA) (Pre-New Drug Application (IND) meeting) and the European Medicines Agency (EMA) (Scientific Advice) for the initiation of this large-scale study, including the following key points and recommendations:

- Confirmation of the interest in clinical development in this indication;
- Confirmation that the Company's non-clinical data and production capacity support a formal plan for clinical development in Europe and the United States;
- Confirmation of the target population and standard of care to be considered; the exclusion/ inclusion criteria allow us to target a population approximately 6 times larger than that of the current PhagoDAIR study;
- Clear and consistent guidelines and expectations in terms of clinical production and evaluation criteria.

The Company plans to (i) accelerate the transition to the new and more ambitious global phase 2 proof-of-concept study in PJI and (ii) deliver data from the PhagoDAIR clinical study by the end of 2024.

The phase 2 proof-of-concept study is expected to be a multicentre, randomised, double-blind study and is expected to enrol 100 patients in Europe and the United States. The Company intends to file a Clinical Trial Application (CTA) with the EMA and FDA in mid-2024, with a view to initiating patient recruitment in early 2025.

Once this clinical trial has been successfully completed (with results expected at the end of 2026), the Company could potentially have early access to the registration of a first phage therapy treatment for PJI in Europe.

Infective endocarditis (IE): initiation of a 2nd clinical trial in an indication targeting vital heart valve infections

The Company has obtained authorisation from the ANSM and the Sud-Est II-Lyon Ethics Committee to launch a phase 1 study (pharmacokinetic data) in infective endocarditis caused by *S. aureus*, in order to assess the safety of the intravenous administration route for its anti-S. aureus phages.

The study, which is being conducted in five French hospitals, is about to begin and should include 12 patients requiring replacement of an infected heart valve.

The first clinical results are expected in the second half of 2024. If positive, these results could enable the Company (i) to accelerate clinical development in this indication and (ii) to use the intravenous route of administration for other indications requiring this route of administration, such as bacteraemia.

Robust data on real-life activity obtained from compassionate treatments

In June 2022, the ANSM (*Agence Nationale de Sécurité du Médicament*) granted the Company an AAC. To date, around 100 patients have already been treated under this bylaws status for various indications, the majority of them suffering from osteoarticular infections on hip or knee prostheses (PJI).

Data from the first 77 patients treated to date show promising results, with infection control at 3 months (clinical endpoint) of around 80%, considered to be a significant improvement on standard treatment in this population of patients suffering from severe and resistant infections that are difficult to treat, and often subject to standard 2nd or 3rd line antibiotic treatment.

The Company has filed for regulatory approval of a second CAA, for patients with IJD associated with resistance to Pseudomonas aeruginosa (P. aeruginosa). This CAA is currently being assessed by the ANSM, with a view to potential final validation in 2024.

Complementary clinical studies funded by research institutes

In addition to the Company's clinical activities, two French university hospitals are preparing Investigator-Sponsored Trials (ISTs) using the Company's phages. These studies are an opportunity for the Company to potentially provide additional proof-of-concept clinical data in other high-value indications:

- A phase 2 trial in diabetic foot ulcers (DFU): this clinical trial at Nîmes Hospitals targets DFU infections caused by *S. aureus* monobacterial infection.
- A phase 2 trial in complex respiratory tract infections (CRTI): this clinical trial, led by the Pitié Salpêtrière hospital in Paris, is targeting nosocomial pulmonary infections caused by P.

aeruginosa, particularly in patients with mechanically ventilated pneumonia (VAP), a growing problem in hospitals.

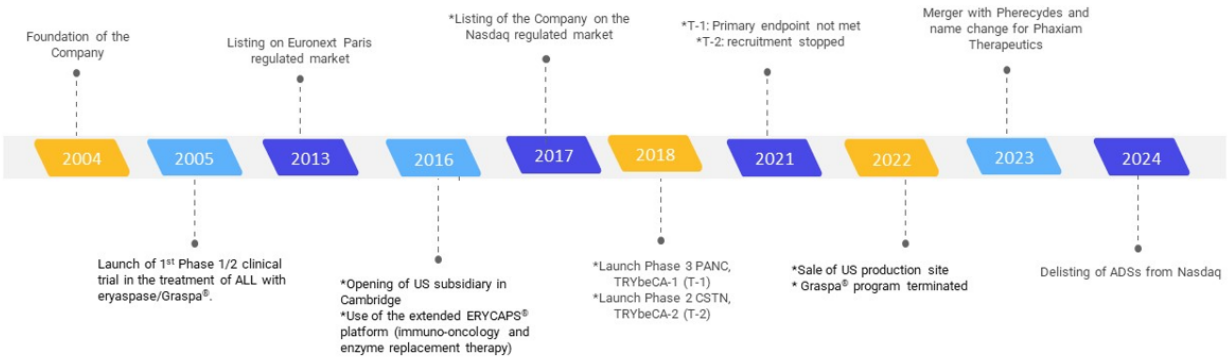
Investigator-initiated studies are funded by the hospitals' clinical research programmes and their execution and timetable are entirely the responsibility of the sponsoring centres.

Historical information

The Company, then known as Erytech Pharma, was created in 2004 as a *société par actions simplifiée* (simplified joint stock company). After raising funds in 2006, the Company was transformed into a public limited company with a Board of Directors and went public on the regulated market of Euronext Paris on 30 April 2013, raising €17.7 million. The Company subsequently carried out a number of fund-raising operations (notably through private placements) to finance its projects until its listing on Nasdaq in November 2017 as part of a global offering of $144 million.

Pherecydes Pharma (Pherecydes) was incorporated as a limited company on 12 December 2006. Pherecydes listed on Euronext Growth in Paris in February 2021, raising €8 million.

In June 2023, the shareholders of Pherecydes and Erytech Pharma voted to merge the two companies and change their name to PHAXIAM Therapeutics. In February 2024, the Company announced its intention to voluntarily delist its American Depositary Shares ("ADSs") representing its ordinary shares from the Nasdaq Capital Market. The delisting became effective prior to the opening of trading on 11 March 2024, at which time the ADSs are no longer traded on the Nasdaq Capital Market.



1.2 GROUP STRATEGY

The Company's ambition is to position itself as a global player in phage therapy and to provide a therapeutic solution intended to combat severe and antibiotic-resistant infections. The key elements of this strategy are listed below:

Create a global player in phage therapy

The Company announced in February 2023 a strategic merger project with Pherecydes, aimed at creating a global player in phage therapy and accelerating the development of a portfolio of drug candidates, targeting pathogenic bacteria and other potential indications presenting significant unmet medical needs. In June 2023, the merger was approved by the shareholders of both companies. From now on, the strategy

of the new entity is to concentrate its clinical development on indications with high medical need, for patients suffering from severe resistant infections, often associated with high mortality and significant costs. As part of this international development strategy, the Company also intends to capitalize on its North American experience in order to deploy its clinical and regulatory activities in the United States with a view to a global development strategy.

Secure funding sources

The Company plans to continue seeking additional financing to extend its cash horizon and is currently evaluating various sources of financing, including the issuance of equity instruments and/or new debt or partnership agreements to continue financing the operations of the Company thereafter.

Develop research and development skills and capabilities

The Company seeks to develop a research and development strategy leveraging its technologies and expertise, including formulation expertise to support phage and endolysin-based therapeutic approaches in anti-infectious areas such as as antibiotic resistance and possibly beyond, such as food, cosmetics and animal health, with a view to potentially broadening the field of application to new therapeutic modalities.

Implement a global production strategy

In accordance with its strategy of optimizing its operations, the Company has finalized the relocation of all teams to its premises in Lyon (France), where they benefit from a location within a major European hub in the field of diseases. infectious. The Company also plans to consolidate its industrial partnerships and implement replacement plans.

Examine opportunities for collaboration and marketing agreements in order to consolidate and accelerate its development

The Company seeks to maximize the value of its proprietary technology platforms through a combination of internal development and the establishment of research and development partnerships. In certain cases, the Company may decide to continue research and development and commercialization activities by strengthening its internal capabilities, and in cases where this is more appropriate, it will evaluate and pursue collaboration agreements with third parties. for the development of its product candidates for specific indications and territories. The Company could also explore other development options for its product candidates, including co-development of licenses, sublicensing to third parties or the creation of dedicated subsidiaries. In parallel with the development of its product candidates for approval by regulatory authorities in the United States and Europe, the Company will evaluate several options for the commercialization strategy for each product candidate. These options include establishing an internal sales force, distribution units or even entering into partnerships with third parties for the distribution and marketing of approved products.

1.3 PLATFORM FOR THE DISCOVERY AND IDENTIFICATION OF BACTERIOPHAGES (OR PHAGES)

The Company's platform aims to discover, select, identify and characterise new natural lytic phages for therapeutic use. Phages are natural predators of bacteria. As illustrated in Figure 1 below, these viruses are able to adhere to the bacterial wall and introduce their DNA into the target bacteria. The phages then use the bacterium's replicative machinery to multiply. In the case of lytic phages, the DNA undergoes replication independently of the bacterial DNA. The viral genetic material then exploits the cell's

capabilities to facilitate its own replication and the synthesis of viral proteins. These newly formed proteins fuse to form new virions. The host bacterium eventually succumbs to the increasing internal pressure and high concentration of endolysins. These phage-derived enzymes are capable of lysing the bacterial wall. Numerous virions are then released into the surrounding environment in search of new target cells to perpetuate the lytic cycle and continue their proliferation. Many phages can alternate between a lytic and a lysogenic cycle. Lysogenic phages are not being developed by the Company, as their therapeutic efficacy is much more uncertain.

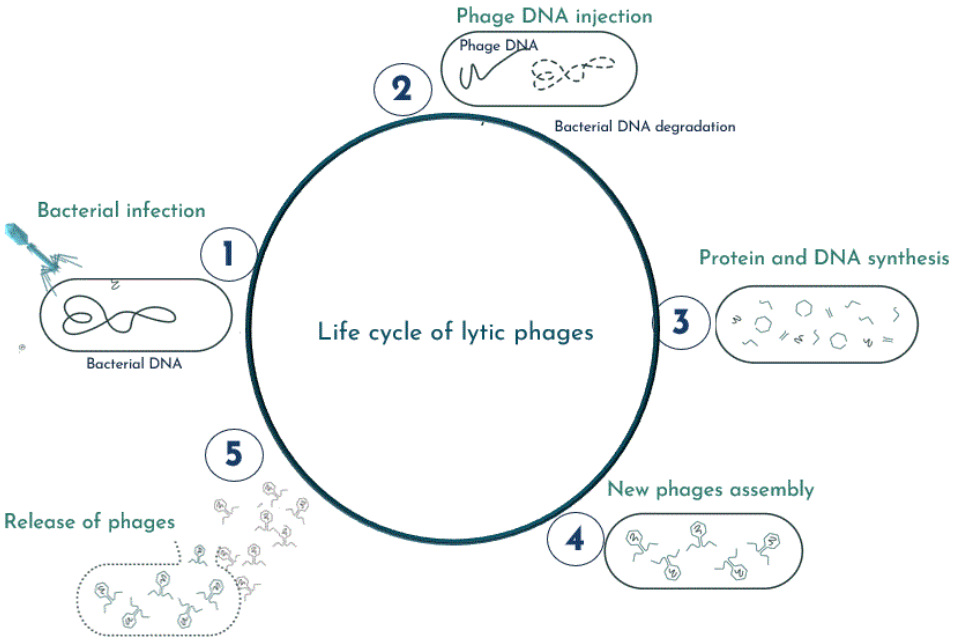


Figure 1: Life cycle of a lytic phage

The historical approach used by the Company to discover new phages involves fishing for phages in waste water. Waste water contains many pathogenic bacteria, but also phages capable of infecting them and multiplying within them. After a filtration stage to eliminate the bacteria present, the water samples are brought into contact with several strains of bacteria of the target species in order to assess the lytic capacity of the sample. In cases where one or more phages capable of infecting the target bacteria are present, lysis patches are observed. These lysis patches are then isolated, re-cultured and re-isolated enough times to select a single phage.

The other option is to carry out the in vitro evolution of phages, using the Appelman protocol. With this method, a number of bacterial strains are brought into contact with a pool of therapeutic phages to which they are initially resistant. The phages, after repeated passages, will adapt via genetic mutation mechanisms or transfers of genetic elements in order to become virulent again. Bacterial lysis will indicate that a significant evolution has taken place: a new natural phage has thus been discovered.

The next step is to characterise the phages identified during phage fishing or in-vitro evolution. They will be produced in sufficient quantity to be characterised by different analysis methods. Full genome sequencing will provide a wealth of information on the new target, in particular assessing the presence of integrases synonymous with the possibility of lysogenesis. It can also be used to estimate the percentage of homology with phages already described in the literature or appearing in patents, and thus to determine whether the virus has already been discovered and characterised. The morphology of each drug candidate is also determined by electron microscopy, enabling the phage to be classified (*myoviridae, podoviridae,*

syphoviridae, etc.). The spectrum of lytic activity of the virus is then assessed on a panel of strains identified for each bacterial species. This panel represents the clinical diversity of strains in the species. Studies to assess the spectrum of phage activity on these strains are based on the determination of the EOP (Efficiency Of Plating) score by spot test and the killing assay technique in liquid medium. The EOP score is obtained by depositing phages at different concentrations on the surface of an agar containing the bacterial strain to be tested. The killing assay involves culturing the bacterial strain of interest in the presence of the phage to be tested and monitoring bacterial development by measuring absorbance. The same work is carried out for the different candidates, making it possible to establish a percentage coverage for the species in question and to select the most promising phages for clinical development.

Advantages of phage therapy

Phages are the most abundant and diverse entity on earth, capable of co-evolving with host bacteria, which will make it possible to counter the emergence of bacterial resistance through the discovery of new phages[1,2,3]. The in-vitro evolution of phages makes it possible to obtain a new therapeutic candidate in just 3 weeks. In the scientific literature, the appearance of bacterial resistance to phages is linked to a reduction in virulence and a deterioration in the general state of the strain[1,4]. Used for compassionate purposes for many years, no adverse effects have been reported following the administration of therapeutic phages. Unlike antibiotics, phages are specific to the target species, making it possible to prevent dysbiosis. They are also active on bacterial biofilms, the source of many antibiotic resistances. Phages and antibiotics are not totally opposed; it has been shown that certain treatments with phages can resensitise bacteria to antibiotics[5].

Bank of therapeutic bacteriophages developed by the Company

There is an absolute need to respond to antibiotic resistance, which was responsible for more than 700,000 deaths a year in 2014[6]. The Company has developed therapeutic phages against 3 bacterial species that are resistant to antibiotics, *Staphyloccocus aureus (S.aureus*), *Pseudomonas aeruginosa (P.aeruginosa)* and *Escherichia coli (E.coli)*.

The S.aureus programme is based on two clinical studies (*see also section 1.5 of the Universal Registration Document "Phage therapy to treat bacterial infections"*). The first phase 1b/2 study targets osteoarticular infections in hip or knee prostheses. The second is a pharmacokinetic study of infectious endocarditis. The two therapeutic phages developed were tested on a selection of 148 strains of S. aureus. This panel represents the European and American clinical diversity of S. aureus strains. Of this panel, 82% of the strains tested were found to be sensitive to at least one therapeutic phage. Further research and development (R&D) studies are underway to broaden the spectrum of possible indications for treatment using anti-S. aureus therapeutic phages.

For *P.aeruginosa*, the programme is still at a pre-clinical stage and should enter the clinical phase in 2025 for the treatment of ventilator-associated pneumonia. The company's four therapeutic phages were tested on a panel of 42 strains representative of the species. 88% of the strains were susceptible to at least one phage.

1 Brockhurst, M.A. Bacteria-Phage Antagonistic Coevolution and the Implications for Phage Therapy (2017) Bacteriophages (pp.1-21). DOI:10.1007/978-3-319-40598-8_7-1

2 Landsberger . M. Anti-CRISPR Phages Cooperate to Overcome CRISPR-Cas Immunity (2018);174(4):908-916.e12. doi: 10.1016/j.cell.2018.05.058. Epub 2018 Jul 19.

3 De Sordi, L., Khanna, V., and Debarbieux, L. (2017). The Gut Microbiota Facilitates Drifts in the 473 Genetic Diversity and Infectivity of Bacterial Viruses. Cell host & microbe 22, 801-808.e803.

4 Oeschelin, F. Resistance Development to Bacteriophages Occurring during Bacteriophage Therapy. Viruses. (2018) ;10(7):351. doi: 10.3390/v10070351.

5 Chan, B. K. Phage treatment of an aortic graft infected with Pseudomonas aeruginosa Evol Med Public Health. (2018); 60–66. doi: 10.1093/emph/eoy005

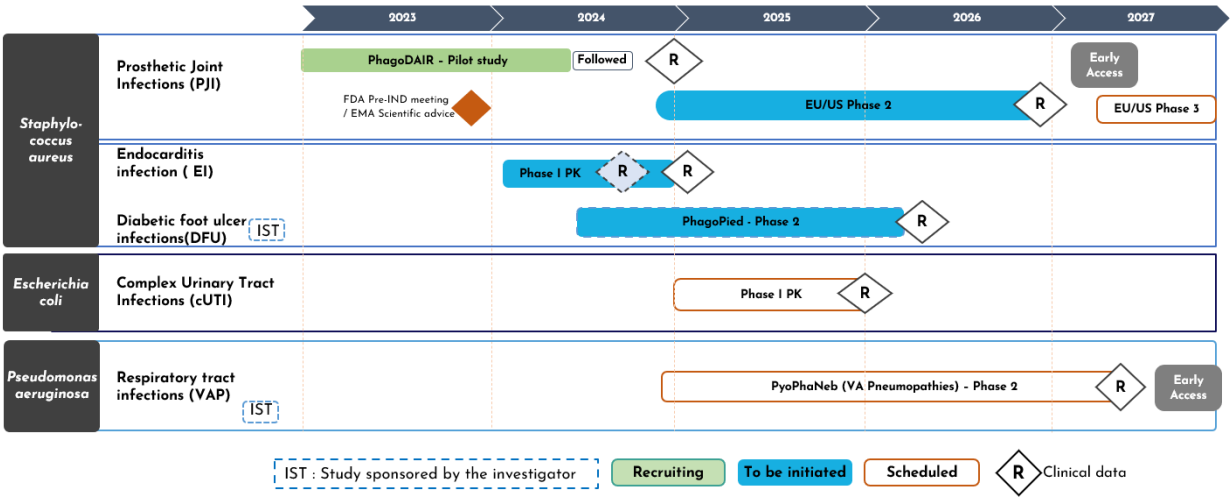
6 Jim O'Neill's Report, 2016 - Stephen R. Palumbi, "Humans as the world's greatest evolutionary force", Science, vol. 293, 2001, p. 1786-1790 (PMID 11546863)

The *E. coli* programme targets a bacterial sub-population of this extremely diverse species. These are the extra-intestinal pathogenic *E. coli*. Of a panel of 84 strains representative of this subspecies, all are sensitive to at least one of the four phages tested. The major clinical indication is complicated urinary tract infections.

In these three programmes, the Company's R&D team is using its phage discovery and identification platform to propose other drug candidates that would improve the efficacy of the therapeutic phage banks already developed.

1.4 TABLE OF PRODUCTS IN DEVELOPMENT

The table below sets out the Company's pipeline of product candidates as at the date of the Universal Registration Document.



1.5 PHAGOTHERAPY TO TREAT BACTERIAL INFECTIONS

Specializing in the research and development of anti-infectious therapies based on the use of bacteriophages (phages), the Company has established phage banks to help treat infections caused by *Escherichia coli (E.coli)*, *Pseudomonas aeruginosa (P.aeruginosa)* and *Staphylococcus aureus (S.aureus)*, resistant to antibiotics, and which are responsible for more than 50% of nosocomial infections. P.aeruginosa and E.coli are currently on the World Health Organization (WHO) priority 1 pathogen list, while *S.aureus* is on the priority 2 pathogen list.

Phages constitute both the most widespread entity on the planet, since there are more than 10^{31} phage particles in the biosphere, and the most diverse. Bacteriophages are defined by the type of life cycle they undergo: the lysogenic life cycle and the lytic life cycle.

In both cycles, the phage first adsorbs onto the bacteria through specific interactions with components of the bacterial surface. The phage injects its DNA into the host bacteria where the DNA is circularized and enters a lytic cycle or a lysogenic cycle (refer to Figure 1 below).

In the lytic life cycle, the bacterial genome is degraded while the phage DNA is replicated, transcribed and translated. New phage particles are formed, leading to lysis of the bacterium and release of the progeny into the extracellular environment where they are ready to infect neighbouring bacteria.

During the lysogenic life cycle, the phage DNA integrates into the bacterial genome and becomes a prophage. This "host" bacterium divides normally and thus propagates the prophage in the DNA of the daughter bacteria. Occasionally, in the event of specific stress, the prophage may detach from the bacterial genome to initiate a lytic cycle.

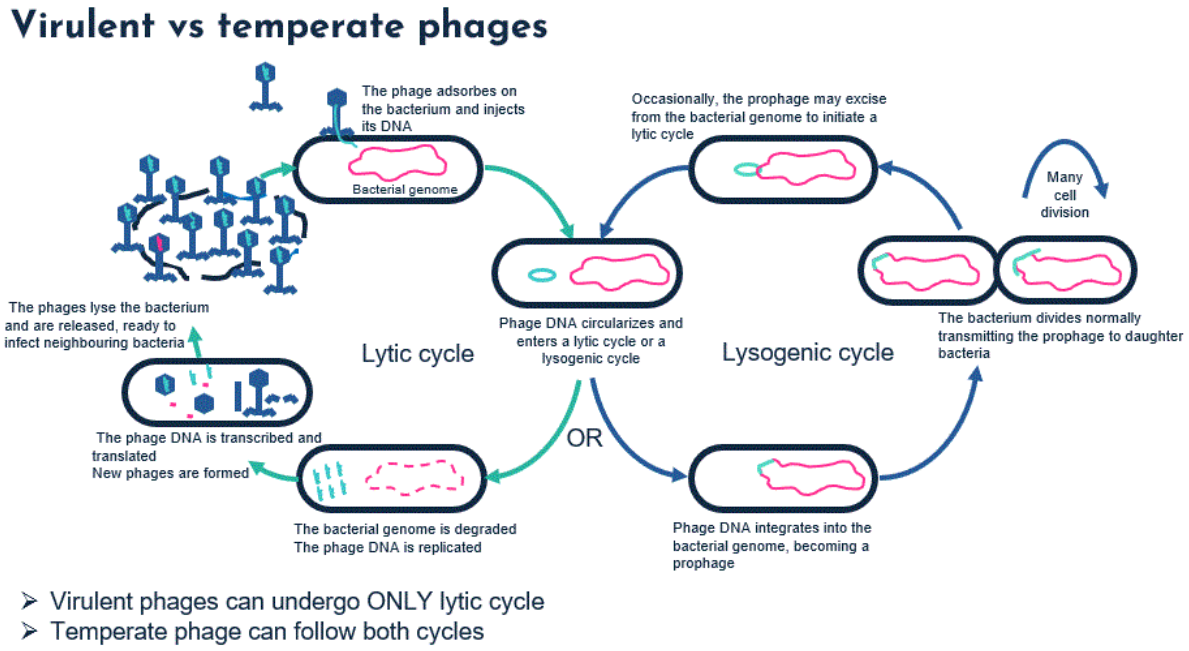


Figure 1 - Comparison of the lytic and lysogenic life cycles of phages

On the basis of their life cycle, it is possible to distinguish two major classes of phages: temperate phages and virulent phages:

Temperate phages, which generally undergo a lysogenic cycle, can enter a lytic cycle under specific conditions. During the lysogenic cycle, the temperate phage remains in the form of a prophage DNA sequence integrated into the bacterial genome.

Virulent phages, on the other hand, follow an exclusively lytic cycle, lacking the genes needed to follow a lysogenic cycle. This capacity for self-replication induces additional antibacterial activity beyond the initial dose. It is specific to phages and is one of the main differences compared with conventional chemical antibiotics. The phages produced by the Company are naturally virulent phages (strictly lytic) because they can exclusively follow a lytic cycle.

Lytic phages reduce the targeted bacterial load by 1) infecting the targeted bacteria, 2) transforming the infected bacterial cells into phage-producing factories, 3) lysing (i.e. killing) the infected cells, then 4) the new phages infect neighbouring targeted cells and continue the cycle.

Phages are particularly selective, most of them infecting only one species of bacteria, or even a sub-group of strains within that species. To enter a bacterial cell, bacteriophages attach to specific receptors on the surface of the host cell. This specificity of the interaction between phage attachment structures and receptors on the host cell surface mainly influences the bacterial host range. The specificity of the predator-prey interaction limits the application of certain phages in therapy, but has no influence on the normal flora, since phages only eradicate the targeted strain, thus protecting bacterial colonisers that are not linked to pathogenic species. To overcome the limitations inherent in this high specificity and narrow host range, a panel of bacteriophages is generally offered as treatment.

The Company's existing phage portfolio includes:

- 2 phages against *S.aureus*: PP1493 and PP1815
- 4 phages against *P.aeruginosa*: PP1450, PP1777, PP1792 and PP1797
- 4 phages against *E.coli*: PP970, PP1002, PP1151 and PP2000.

Clinical development of Phaxiam bacteriophages

To the best of the Company's knowledge, there are no phage-based biological medicinal products approved in Europe or the United States.

The Company's clinical development programme for the anti-*S.aureus* phages PP1493 and PP1815 and other bacteriophages (anti-*P.aeruginosa* and anti-*E.coli* phages) includes:

- Human compassionate use since January 2017, including the Compassionate Access Authorisation (CAA) obtained from the ANSM since May 2022.
- Company-sponsored clinical trials for anti-S. aureus phages: an ongoing pilot phase II clinical trial in osteoarticular prosthesis infections (PJI) (PhagoDAIR I study), a phase I in endocarditis recently approved by the French competent authority and the global phase II study in PJI expected to be submitted in 2024.
- With regard to anti-*E.coli* phages, a phase I study in complicated urinary tract infections due to *E.coli* was submitted to the French authorities at the beginning of January 2024.
- Investigator-sponsored studies in which the Company provides anti-*S. aureus* phages for PhagoPIED in diabetic foot ulcers (approved by the French competent authority at the end of 2023 and due to start in the second quarter of 2024) and anti-P. aeruginosa phages for Pyophaneb in ventilator-associated pneumonia (VAP), which are due to be submitted in 2024 in France.

A summary of all the Company's clinical developments is provided in Table 1 below:

Table 1 Overview of all ongoing and planned clinical studies with PHAXIAM phages

Study (bacterial species)	Study number	General design	Number of patients	Treatment program	Comparison	Primary endpoint	Status
PhagoDAIR I (S.*aureus*)	PP-SA-001 / 2021-004469 -11	Phase II Non-comparative pilot in patients suffering from late PJI of the hip and knee due to *S.aureus* with indication for DAIR and SAT	64	Intra-articular Single administration during DAIR	Placebo	Clinical control of infection at week 12	In progress (no data available)
Endocardite (S.*aureus*)	PP-SA-002 2023-505413 -25-00	Phase I Pharmacokinetic and safety study in patients with *S.aureus* endocarditis requiring surgery	12	One or two intravenous injections daily for 2 to 4 days	NA	Phage concentration in the resected valve taken during the operation. Safety	Approved First patient recruited expected in Q1 2024

cUTI (E.*coli*)	PP-EC-001	Phase I Pharmacokinetic and safety study in patients with recurrent E.coli urinary tract infections due to neurogenic bladder	36	One to three times local administration into the bladder by self-catheterisation	NA	Pharmacokinetic study of phages in urine. Safety	Submitted in January 2024
PhagoPIED (S.*aureus*)	PHRC-N/2015/ AS-01 2022-500541 -24-00	Phase I/II Double-blind controlled study in patients with diabetic foot ulcers caused by *S.aureus*	60	Topical plaster solution once a week for 3 weeks	Placebo	Wound surface	Approved Q4 2023 First patient recruited expected Q2 2024
PyoPhaNeb *(*P.*aeruginosa)*	APHP22281 9	Phase II/III Double-blind controlled trial in patients with P.aeruginosa-induced VAP	184	Nebulisation D1-D3-D5	Placebo	Proportion of patients alive and cured at D28 and without recurrence of Pa-VAP after the initial episode	To be submitted in Q4 2024
New PJI study (S.*aureus*)	Pending	Phase II Double-blind controlled study in patients with S. aureus-induced PJI of the hip and knee requiring a DAIR	100	Intra-articular administration during the operation and one and two weeks after the operation	Placebo	Rate of patients with treatment failure due to S.aureus at month 6	To be submitted in Q2 2024

Compassionate treatment:

From 2017 to December 2023, a total of 91 patients have been exposed to the Company's bacteriophages, separately or in combination with *Staphylococcus aureus* and/or *Pseudomonas aeruginosa* infections as part of a compassionate use process. This includes 14 patients treated under the Compassionate Access Authorisation (CAA) for osteoarticular infections due to *Staphylococcus aureus* since June 2022.

Of these 91 patients :

- Fifty-three (53) patients were treated with anti-*Staphylococcus aureus* phages. These patients were affected by: total knee or hip arthroplasty with PJI (38), including one patient with PJI of the knee due to *Staphylococcus lugdunensi*s, diabetic foot ulcer (1), extra-dural empyema (1), osteitis (8), cardiac vascular implant infection (2), endocarditis (2) and liver abscess (1).

  In addition, 4 patients also received simultaneous anti-*Staphylococcus aureus* and anti-*Pseudomonas aeruginosa* phages for total knee/hip arthroplasty (1), PJI of another location (1), bronchopulmonary infection (1) or pulmonary abscess (1).

  These patients received repeated administrations of phages adapted to their clinical situation, either directly at the site of infection and/or systemically using intravenous (IV) injections for bacteremia. For IV administration, the maximum daily dose administered for phages PP1493 and PP1815 was 2x1010 PFU (1 mL of a solution of PP1493 at 1010 PFU/ml + 1 mL of a solution of PP1815 at 1010 PFU/ml diluted in 0.9% NaCl). No adverse reactions were reported.

- Thirty-four (34) patients have been treated for *Pseudomonas aeruginosa* infections using the Company's phages for various infectious indications such as IJD (12), osteitis (4), osteoarticular

infection in native knee (1), bacteraemia (2) with native heart valve or with thoracic coils and pulmonary tract, bacteremia (2) with native heart valve or with thoracic coils and pulmonary tract, sepsis in a burn patient (3), bronchopulmonary infection (4), and vascular infection (8), including 4 endocarditis, 2 cardiac implant infections, and 2 vascular prosthesis infections.

These patients also benefited from repeated and adapted administration of phages, either directly at the site of infection and/or by systemic route using repeated IV injections in the context of bacteremia, as well as by nebulisation for the 4 patients presenting a bronchopulmonary infection.

Positive activity, without relapse of infection, was reported in approximately 80% of patients treated.

Clinical trials sponsored by the Company

PhagoDAIR study

The ongoing PhagoDAIR I study is a non-comparative phase II pilot clinical trial in patients with late PJI of the hip or knee (more than one month after prosthesis implantation) caused by a monomicrobial infection due to *Staphylococcus aureus*, in patients with an indication for DAIR (Debridement, Antibiotics and Implant Retention) and suppressive antibiotic therapy (SAT). The study is authorised in France, Spain, the Netherlands and Germany. Patients are treated by injection into the infected joint (intra-articular route) of phages PP1493 and/or PP1815 or a placebo (saline solution) either at the end of the DAIR or 2 weeks after the DAIR (if the germ is not known before the DAIR), with administration of 20 ml of phage solution or placebo if administration is carried out at the end of the DAIR, or 5 ml of phage solution or placebo if administration is carried out 2 weeks after the DAIR.

The primary endpoint is the percentage of patients with clinical control of infection at week 12. Due to its non-comparative design, this study is not intended to provide efficacy data on phage therapy, but was initially conducted to generate data that should be used as a hypothesis to calculate the sample size for a future efficacy study in this population. By the end of 2023, 22 patients had been selected and 18 patients randomised, all in France.

Endocarditis study

The endocarditis study is a phase I pharmacokinetic and safety study in subjects with endocarditis due to *Staphylococcus aureus* for whom surgical resection of the infected valve is indicated. Treatment was administered intravenously (IV) either once daily (first cohort of 6 subjects) or twice daily (second cohort of 6 subjects). The primary endpoint was the concentration of phages in the resected valve. The secondary endpoints are the safety and pharmacokinetics of the phages in the blood. The study will confirm that IV administration of phage I is safe and provides a sufficient concentration of phage at the infected site. Positive data will make it possible to initiate further studies in endocarditis, as well as in other indications requiring IV administration. The 12 subjects will be recruited in France. The study has been approved by the French authorities and is about to start, with 12 patients expected to be enrolled and data expected by the end of the year.

UTI study

The UTI study is a phase I pharmacokinetic and safety study in subjects with recurrent *E. coli* urinary tract infection due to neurogenic bladder following post-traumatic spinal cord injury. The treatment is administered directly into the bladder via a urethral catheter, as these subjects regularly practise self-catheterisation to empty their bladder. Subjects will be divided into three cohorts of 10 to 12 subjects per cohort, with treatment administered once a day, twice or three times within 24 hours, respectively. The primary endpoint will be phage concentration in urine. The secondary endpoints will be safety and

analysis of the number of recurrences of urinary tract infections within 6 months. These 30 to 36 subjects will be recruited in France. The protocol was submitted to the authorities in January 2024 and feedback is expected in April 2024.

Phase II study in PJI

The overall phase II trial in PJI will be a placebo-controlled study to assess the safety and efficacy of phage administration versus placebo in patients with PJI of the hip or knee with an indication for DAIR (early or late) without suppressive antibiotic therapy. The treatment will be administered intra-articularly once a week for three consecutive weeks. The first administration will be made at the end of the DAIR or 10 days after the DAIR if the germ is not identified before the DAIR. The primary endpoint will be both safety and efficacy. Efficacy will be measured by the percentage of patients with clinical relapse of *staphylococcus aureus* infection in PJI at month 6. The study will enrol 100 patients (50 on phage therapy and 50 on placebo) in the European Union, the United Kingdom and the United States. The protocol is expected to be submitted by the end of the second quarter of 2024, with a view to obtaining initial approval by the end of 2024.

Investigator-sponsored trials (IST)

In addition, two investigator-sponsored studies are supported by the Company, which supplies phages and carries out a Phagogram to assess the in vitro sensitivity of the bacterial strain to phages.

PhagoPied study (IST)

The PhagoPied study is a double-blind, controlled phase I/II trial in patients suffering from diabetic foot ulcers without osteolysis due to *S.aureus*. Patients will receive topical administration of phages or placebo in addition to standard care, administered by dressings once a week for 3 consecutive weeks. The primary endpoint will be the relative reduction in wound surface area at week 12. The study plans to recruit 60 patients (30 active and 30 placebo) in France, coordinated by the Nîmes hospital. The study was approved by the ANSM in September 2023, and a first patient is expected in the second quarter of 2024.

PyoPhaNeb study (IST)

PyoPhaNeb is a double-blind, controlled phase II/III study in patients with ventilator-associated pneumonia (VAP) due to *Pseudomonas aeruginosa*. Patients will receive phage or placebo by nebulisation on day 1, day 3 and day 5. The primary endpoint is the proportion of patients alive and cured at D28 and without recurrence of Pseudomonas aeruginosa VAP after the initial episode. The study plans to recruit 184 patients (92 per arm) in France under the coordination of the Pitié-Salpétrière Hospital. Regulatory submission is scheduled for the fourth quarter of 2024.

1.6 OTHER POTENTIAL THERAPEUTIC PROGRAMS OF THE COMPANY

The discovery and identification of phages targeting *Klebsiella pneumoniae (K. pneumoniae)* is a new programme currently under development. The fight against this antibiotic-resistant opportunistic pathogen is of major importance. In the last decade, *K. pneumoniae* has emerged as a public health threat, increasing the prevalence of hospital-acquired infections caused by strains that are multi-resistant to antibiotics.

In parallel, community-acquired (non-hospital-acquired) infections due to hyper-virulent strains of *K. pneumoniae* have also emerged. The acquisition of virulence factors appears to be the cause of the

increase in infections, causing more than 90,000 infections and 7,000 deaths a year in Europe[7]. Work on discovering drug candidates has begun by fishing for phages in waste water, and a panel of representative strains of this species is currently under construction.

1.7 INDUSTRIAL PRODUCTION AND SUPPLY

For the development of its drug candidates, the Company subcontracts production and supply to pharmaceutical establishments authorized by regulatory agencies (*see section 1.9.2 of the Universal Registration Document for more details on the manufacturing contract of product with MB Pharma*).

Offices in Europe

The Company leases approximately 3,000 m² of office and laboratory space in Lyon, France. The term of this lease contract is set in June 2029 with the option of early termination in June 2025 and June 2028.

1.8 COMMERCIALIZATION

The Company's operating model is based on two independent strategic options. The possible options for the operating strategy, which will determine the choice of the distribution strategy of the future drug, are based on marketing by the Company itself or on the possibility of joining forces with a strategic pharmaceutical partner. Both models will be prepared during the clinical trial period to keep all development options open.

The Company will study and prepare a launch plan for the two marketing options based on the opportunities encountered based on the following assumptions:

Downstream integration to commercialization

The Company's first strategic option is to market its own phage therapy treatments; The Company has already implemented an integrated supply chain organization and a tailored process to be able to provide treatments to doctors in the compassionate treatment situation. This organization is already in place in France, and more widely in Europe, since certain compassionate patients are treated to date in a few other European countries (Sweden, United Kingdom, Switzerland).

Therefore, the Company has already developed a robust supply chain, based on the stability of the product over time (greater than 18 months) and towards shipment, a suitable formulation allowing local storage at 5°C. This "downstream integration" strategy would require additional investment to establish a larger supply chain; As the Company already sells and distributes treatments through its first AAC regulatory status, development, quantities and economies of scale could be quickly achieved.

This organization and these processes will have to be deployed in most European countries and in the United States in order to prepare the establishment of marketing and sales forces.

Global licensing business model

At the same time, the Company has already started a first level of discussion with pharmaceutical companies specializing in the therapeutic field of infectious diseases (Sanofi, Pfizer, BI, J&J, Roche, etc.) in order to raise their awareness of its clinical development.

[7] Wyres, K.L., Lam, M.M.C. & Holt, K.E. Population genomics of Klebsiella pneumoniae. Nat Rev Microbiol 18, 344–359 (2020). https://doi.org/10.1038/s41579-019-0315-1

The goal is to be ready when phase II clinical data is generated to begin licensing negotiations for the first program in prosthetic joint infections (PJI). These companies could then take charge of the Company's clinical development and handle regulatory and commercialization strategies. In the case of a licensing scenario, the development stages and royalties would be defined, in order to retain more than 50% of the value of the candidate, given that with the clinical results of phase II, the effectiveness could be strongly demonstrated, and therefore de-risked with most of the clinical costs already covered.

1.9 MAJOR CONTRACTS

Significant contracts for the Company other than those entered into in the ordinary course of business are described below. It is specified that the merger between Erytech Pharma and Pherecydes Pharma resulted in a universal transfer of the assets of Pherecydes Pharma to the Company which was subrogated to all the rights and obligations of Pherecydes Pharma under the contracts concluded prior to the merger and described in this section.

1.9.1 FINANCING CONTRACTS

1.9.1.1 COLLABORATION CONTRACT WITH BPIFRANCE

On May 24, 2012, ERYTECH, Inserm, APHP and Diaxonhit concluded a collaboration contract with Bpifrance as part of the TEDAC program: "*Enzymatic Therapy by Amino Acid Depletion to treat Cancers resistant to radio and chemotherapy*". As part of this project, the Company received €6,953,000 in aid, paid in several installments, including €4,895,000 in repayable advances and €2,058,000 in non-repayable grants.

The TEDAC research program was funded according to a schedule specified in the contract, subject to the achievement of key milestones. Reimbursement of the BPI advance was triggered by reaching a cumulative sales milestone of 10 million euros for the Graspa product in the treatment of solid tumors. Following the negative results of the Trybeca-1 clinical trial, the failure of the Trybeca-2 clinical trial in 2022 and more generally the failure in the clinical phases of the Graspa product, the Company no longer has the possibility of market and sell Graspa for the treatment of solid tumors. Consequently, due to the disappearance of its purpose leading to the lapse of said contract, the extinction of the conditional debt represented by the repayable advance was recognized as a subsidy product for 4,895 thousand euros and as a financial product for 386 thousand euros.

1.9.1.2 OCABSA CONTRACT WITH EUROPEAN HIGH GROWTH OPPORTUNITIES SECURITIZATION FUND FUND

On 24 June 2020, the Company entered into a contract (the OCABSA Contract) for the issue of convertible bonds over a period of 24 months, i.e. until 25 June 2022, to the Luxembourg fund European High Growth Opportunities Securitization Fund, represented by its management company European High Growth Opportunities Manco SA, under the terms of which the European High Growth Opportunities Securitization Fund undertook to subscribe up to a maximum of €60 million in the event of conversion of all the notes, subject to the regulatory limit of 20% dilution, unless further authorised. The notes were accompanied by share warrants representing 10% of the nominal amount of the OCAs issued, with an exercise price of €8.91 (*see section 4.6.6.1 of the Universal Registration Document for further details on the characteristics of the OCABSA Agreement*).

This agreement expired in June 2022 and all the bonds issued were converted into shares. The warrants issued under the OCABSA Agreement will be exercisable for a period of 5 years from the date of issue.

1.9.2 MANUFACTURING CONTRACT FOR PHARMACEUTICAL PRODUCTS BASED ON BACTERIOPHAGES WITH MB PHARMA

For the manufacture of its products, Pherecydes Pharma has entered into a contract with the company MB Pharma located in the Czech Republic. Following the universal transfer of assets carried out as part of the merger-absorption, the Company was subrogated to all the rights and obligations of Pherecydes Pharma under the said contract.

The contract started with the signing of a first contract for the manufacturing of pharmaceutical products based on bacteriophages which entered into force on December 22, 2017, modified by various amendments, the last of which was signed on September 26, 2022 and remained in force until as of December 31, 2022. Continuing their collaboration, the Company and MB Pharma signed a separate contract on June 1, 2021 for the storage and management of stability programs for pharmaceutical products based on bacteriophages produced by MB Pharma.

On 28 November 2022, the parties signed a three-year Master Service Agreement covering all services provided by MB Pharma to the Company. During this period, MB Pharma will be responsible for manufacturing bacteriophages using the production platform developed by the Company and in accordance with EU Good Manufacturing Practices. The finished products are intended to be tested in clinical trials conducted in Europe and the United States to assess the efficacy of the bacteriophages against several bacterial targets. The products can also be delivered in Europe as part of rescue therapies (early access programmes).

1.9.3 MASTER SERVICE AGREEMENT WITH VETOPHAGE

In October 2023, the Company signed a master service and pre-negotiation licensing agreement with VétoPhage, a biotechnology company specialising in the research and development of diagnostic and treatment applications using bacteriophages and phage derivatives in the veterinary field. Through its innovative technological platform, VétoPhage has a wide-ranging discovery capability, including a large number of samples taken on farms, and the identification and characterisation of phages and endolysins. This will enable the Company to screen its large phage and endolysin library to detect new phages and endolysins and complement its therapeutic products for infections that are particularly resistant to antibiotics for human applications.

Under the terms of the contract, as part of the service, VétoPhage will compare the phage or phage protein sequences of the client and VétoPhage in order to identify common phages/endolysins and differences between the client's phages/proteins and VétoPhage's phages/proteins. As part of the same service, VétoPhage will isolate new phages from new samples and/or produce and supply phages from the VétoPhage Biobank and send them to the client for testing.

Depending on the progress of the project, the needs of the Company and the terms of the agreement, VétoPhage grants the Company exclusive licensing options on certain phages and endolysins in the field of human health derived from the VétoPhage platform. The licence granted on the intellectual property rights of a given deliverable will be granted on an exclusive basis, for use in the human health field. In return, the Company will pay a sum to be determined by the parties depending on the case and the Company's needs, within the limits of what has been pre-negotiated.

1.9.4 LICENCE AND COLLABORATION AGREEMENT

As part of the development of the Company's product candidates before the merger with the former Pherecydes entity, the Company concluded, on June 24, 2019, a collaboration agreement with SQZ Biotechnologies (SQZ), a cell therapy company developing treatments innovative in multiple therapeutic areas, to develop new immune modulation agents based on Red Blood Cells (RBCs). Under the terms of the agreement, the Company granted SQZ an exclusive worldwide license to certain of its intellectual property rights relating to encapsulation technology, for the development, manufacturing, marketing and exploitation of specific immunomodulatory therapies to antigens and using RBC-based approaches, excluding products containing RBCs having a primary mechanism other than the triggering of an antigen-specific immune response or whose primary aim is to induce immune tolerance to certain enzymes that modulate specific metabolites. SQZ was exclusively responsible for the development and future marketing of the Licensed Products and was required to use commercially reasonable efforts to develop and market at least one Licensed Product worldwide. The contract with SQZ was terminated in December 2023.

1.10 PATENTS, TRADEMARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS

1.10.1 PATENTS

Our patent portfolio includes pending patent applications as well as issued patents in the United States and/or foreign countries and consists of four patent families owned by the Company.

PATENT FAMILY	YEAR OF EXPIRATION*	COUNTRIES IN WHICH PATENTS HAVE BEEN FILED (OR ACCEPTED/GRANTED)
Phages Pyo	2034	Australia, Brazil, Canada, China, Europe (Austria, Belgium, Switzerland, Czech Republic, Germany, Denmark, Spain, Finland, France, United Kingdom, Greece, Hungary, Ireland, Italy, Lithuania, Latvia, Netherlands, Norway , Poland, Portugal, Romania, Sweden, Slovenia, Slovakia, Turkey), Hong Kong, Israel, India, Japan, United States
Phages Coli	2035	Australia, Brazil, Canada, China, Europe (Austria, Belgium, Switzerland, Czech Republic, Germany, Spain, France, United Kingdom, Italy, Netherlands, Poland, Slovenia), Hong Kong, Israel, India, Japan, United States
Phages Pyo2	2035	Australia, Brazil, Canada, China, Europe (Austria, Belgium, Switzerland, Czech Republic, Germany, Denmark, Spain, Finland, France, United Kingdom, Greece, Hungary, Ireland, Italy, Lithuania, Latvia, Netherlands, Norway , Poland, Portugal, Romania, Sweden, Slovenia, Slovakia, Turkey), Hong Kong, Israel, India, Japan, United States
Phages Staph	2038	Australia, Brazil, Canada, China, Europe, Hong Kong, Israel, India, Japan, United States

* The duration of a patent is 20 years from its filing date. However, in the pharmaceutical field, additional protection certificates can be granted in the main industrialized countries, generally extending protection for a non-renewable period of maximum five years. When and if health authorities approve a product candidate, the Company will file requests for extensions of the terms of

the related patents if the Company considers that such extensions could give it better protection of its exclusivity if the period of protection were extended. . The expiration dates indicated here do not take into account any additional protections that could be obtained for certain patents in certain territories such as the United States (through patent term adjustment and/or patent term extension), in Europe (through a Supplementary Protection Certificate), Japan or other countries.

Of the 4 families comprising the Company's patent portfolio, all are already protected by at least one issued patent. As of the date of the Universal Registration Document, the Company holds 4 patent families worldwide with more than 35 patents issued.

Furthermore, in 2024, following a strategic review of its intellectual property portfolio, the Company made the decision to abandon a majority of its existing patents related to Eryaspase, also called GRASPA® targeting the metabolism of cancer cells by depriving them of asparagine, an amino acid necessary for their survival and critical for the proliferation of cancer cells and which was before the merger with Pherecydes, its main product candidate.

1.10.2 TRADEMARKS

In addition to patents, the Company has registered a certain number of trademarks in several countries in nominative and/or figurative forms, particularly for its product candidates. None of the Company's trademarks have been licensed to a third party.

1.11 COMPETITION

The pharmaceutical and biotechnology industry is highly competitive and may be expected to evolve rapidly and significantly as technology advances and as researchers expand their knowledge of diseases and develop new technologies and new treatments. The most important competitive factors in the pharmaceutical industry include product effectiveness and safety; the quality and extent of the organization of the technologies held; the competence and organization of employees as well as the possibility of recruiting and retaining key employees; the timing of regulatory approvals; reimbursement rates from social organizations and the average selling price of the product; availability of raw materials and production capacities; production costs ; intellectual property rights, patents and their protection and sales and marketing capabilities. The Company cannot guarantee that its successfully developed products will be clinically more interesting or scientifically preferable to products developed and brought to market by its competitors.

The Company's competitors could also obtain regulatory authorizations from the EMA, the FDA or any other regulatory body for the marketing of their product candidates more quickly than the Company. This could result in a significant competitive disadvantage or prevent the Company from obtaining exclusivity on the market.

Market acceptance of the Company's product candidates will depend on a number of factors, including:

- potential advantages over existing or alternative therapies or tests;
- the actual or perceived safety profile for products of similar class;
- the effectiveness of the Company's sales, marketing and distribution capabilities; And
- the extent of authorizations given by the FDA, EMA or any other regulatory authority.

Although the Company believes that its product candidates possess attractive characteristics, it cannot assure that its product candidates will be accepted by regulatory authorities or by the market, or that the Company will be able to compete effectively in the biopharmaceutical drug market. If the Company's

product candidate is not approved by health authorities and accepted in the markets for which it is intended, the Company may not generate sufficient and profitable revenues.

Competitive environment of PhagoTherapy in the treatment of severe and multi-resistant infections

The use of PhagoTherapy (PT) covers different areas of application; veterinary, agri-food, cosmetics and human health. Therefore, many industrial and biotechnology players are present in the phage field. On the other hand, the use in the treatment of severe and multi-antibiotic-resistant infections restricts the competitive environment to a few players, very few of which are in the clinical development phase.

In Europe, the company Technophage (Portugal) is developing an approach based on phage cocktails targeting multi-bacterial infections. This company is positioned with a phase 2 study in the treatment of Diabetic Foot Ulcer. Vésale Bioscience (Belgium) has a collection of phage which is tested for each bacterial strain from the patient, using their phagogram. Their operating model is based on personalized compounded preparations whose regulatory circuit is different from that required as part of a marketing application for a specific indication.

In the United States, the Company has identified two competitors Armata Pharmaceuticals ("Armata") and Adaptive Phage Therapeutics ("APT"), which are also developing natural phages to target severe and resistant infections. Armata's model is based on a ready-to-use phage cocktail targeting mono-bacterial infections. This company mainly targets P.aeruginosa respiratory infections with a phase 1/2 study in cystic fibrosis and a phase 2 in non-cystic fibrosis. On the other hand, APT is developing an approach similar to the Company and has a susceptibility test (Phage Bank Susceptibility Test™) to identify in its phage bank those active against the patient's strain in order to treat them with a combination of phages. assets. Following the March 2024 announcement of APT's merger with US-Israeli company BiomX, the new combined company now primarily targets cystic fibrosis and diabetic foot ulcer infections.

Competitive environment in osteoarticular infections

The competitive environment in the treatment of Osteo-Joint Infections (OAI) is minor in Europe with the company Contrafect and more important in the United States including Peptilogic, Osteal Therapeutics ("Osteal"), Trellis BioScience ("Trellis"), APT and Armata.

Some companies target IOA patients treated with DAIR (Debridement, Antibiotics and Implant Retention):

Contrafect has initiated a phase I/II study, with its endolysin product (exebacase) which is, to the Company's knowledge, the only study carried out in France and positioned in the treatment of AOI linked to S. aureus. ContraFect filed a voluntary petition for liquidation under Chapter 7 of the U.S. Bankruptcy Act in December 2023.

APT has initiated a phase I/II study whose objective is to evaluate its natural phage bank (locally or intravenously) in patients with IOA linked to one or two bacteria. Following the March 2024 announcement of APT's merger with US-Israeli company BiomX, the new combined company now primarily targets cystic fibrosis and diabetic foot ulcer infections.

Armata has also initiated a phase I/II aimed at studying its natural anti-S phage cocktail. aureus in patients with *S.aureus*-related IOA (intra-articular and intra-venous). Peptilogics is conducting a phase I study with an antimicrobial peptide (PLG0206) also in patients treated with DAIR.

Other companies target IOA patients treated with two-stage replacement surgery. Osteal is developing in phase II a product combining a medical device associated with the antibiotics vancomycin hydrochloride and tobramycin sulfate (VX-7), as part of the treatment of patients with two-stage replacement surgery.

Also, the company Threllis recently launched a phase I study with its human monoclonal antibody candidate in IOA patients in this same patient subpopulation.

Also, active hospital research centers with phage banks and which treat patients compassionately with PhagoTherapy also constitute a potential competitive environment for the Company. The PhagoTherapeutic products developed by the Company may have synergistic effects with the approved antibiotics and the "non-traditional" products in development mentioned above.

Several of the Company's competing companies today or in the future have greater financial resources and greater expertise in research and development, production, pre-clinical testing, clinical trial conduct, obtaining authorization from health authorities and medicines with marketing authorization. Frequent mergers and acquisitions in the biopharmaceutical space could increase resources and concentrate them on even fewer competitors. Smaller companies and start-ups could also prove to be significant competitors, particularly through entering into collaboration agreements with larger companies. These players also compete with the Company when they recruit and retain qualified scientific personnel or managers, when they open centers for their clinical trials and recruit patients, or even when they acquire complementary or necessary technologies. to the Company's programs.

1.12 INVESTMENTS

1.12.1 MAIN INVESTMENTS MADE

All research and development expenditure is charged to expenses until marketing authorisations are obtained. The following investments were made during the financial years presented:

(in thousands of euros)	31/12/2021	31/12/2022	31/12/2023
Intangible fixed assets	—	—	—
Property, plant and equipment (PP&E)*	**215**	**82**	**723**
of which assets under construction	108	—	723
of which technical installations, machinery and equipment	27	82	—
of which general installations and miscellaneous facilities	59	—	—
of which office and computer equipment	21	—	—

* these amounts correspond to gross acquisitions

No significant investments were made during the period under review.

1.12.2 MAIN INVESTMENTS IN PROGRESS

No significant investments have been made since 1 January 2024.

1.12.3 MAIN INVESTMENTS CONSIDERED

At the date of the Universal Registration Document, the Company's executive management had not made any firm commitments to make significant investments in the coming years.

1.13 EXTRA-FINANCIAL PERFORMANCE DATAEXTRA-FINANCIAL PERFORMANCE DATA

In accordance with article L. 22-10-36 of the Commercial Code, the Company is not required to include in its management report a declaration of extra-financial performance to the extent that it does not exceed the thresholds set by decree. The Company wishes to present information on this data when it is relevant and has therefore decided to present the most significant ones. This data has not been subject to certification by an Independent Third Party Organization since this data is made available voluntarily by the Company.

1.13.1. SOCIAL INFORMATION

1.13.1.1. EMPLOYEES

On 15 February 2023, the Company and Pherecydes Pharma, which has sites in Nantes (44) and Romainville (93), signed a memorandum of understanding concerning the proposed merger of Pherecydes Pharma into the Company. At that time, the management of both companies announced their objective of merging their activities and bringing all their teams together at the Company's premises in Lyon, in order to harmonise and optimise working conditions for employees, and to benefit from internal synergies and those of the Lyon ecosystem, a leader in the European infectious diseases ecosystem.

On 23 June 2023, the merger agreement was approved by the shareholders of both companies, resulting in the transfer of all Pherecydes Pharma's assets and liabilities to the Company, and all Pherecydes Pharma employees' employment contracts in force on the date of the merger were transferred to the Company as they stood.

In France, employees who accepted mobility to Lyon were grouped together at the start of 2024 at the head office located within the Bioparc, in the heart of the Rockefeller health center in the 8th arrondissement of Lyon.

As of December 31, 2023, the workforce includes all employees, with the exception of interns and apprentices.

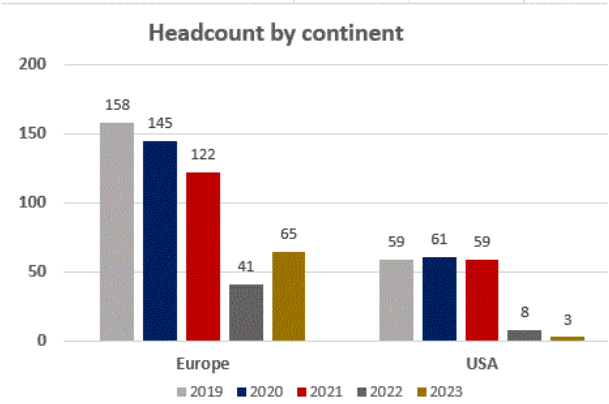
US-based employees are located in Boston, Massachusetts, Princeton, New Jersey and Florida.

Remuneration and their evolution

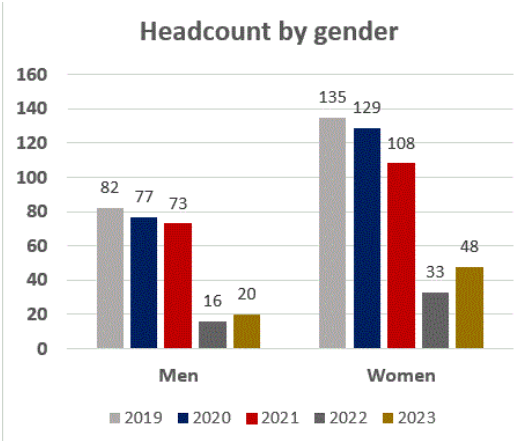
In addition to a fixed salary, the Company applies a variable bonus system based on objectives for each employee, in accordance with the variable remuneration policy within the Company. This bonus has two components: individual and collective; its amount depends on the achievement of the set objectives (individual, team, project, society).

The Company has implemented a capital incentive plan, which since 2016 concerns all of its permanent employees, in the form of stock options or free performance shares.

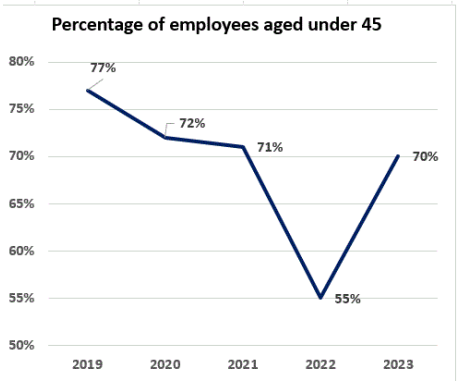
In France, employees also benefit from an Incentive Agreement and access to a Company Savings Plan (PEE) and a Collective Retirement Savings Plan (PER), with the possibility of receiving a contribution from the company in the event of payments on one and/or the other of these plans.



The employees have a high level of qualification: 22 employees hold a Doctorate in science, medicine or pharmacy or an M.B.A. and 16 employees hold a Master's degree, i.e. respectively 32% and 24% of the company's staff. Executives represent 81% of the workforce at the end of 2023.



As of December 31, 2023, PHAXIAM employs 20 men and 48 women. The proportion of men decreased slightly compared to 2022. The Company had 29% men and 71% women in 2023, compared to 33% men and 67% women at the end of 2022.



As of December 31, 2023, 48 employees are under the age of 45 and represent 70% of the workforce. The average age of employees increases from 44 years in 2022 to 40 years at the end of 2023.

In 2023, 5 new employees joined the company under permanent contracts and 3 new employees under fixed-term contracts, including one as part of the preparation of a Doctorate thesis.

In 2023, the Company welcomed four interns, two of whom were taken on at the end of their internship, one preparing for a Doctorate in Pharmacy and the other for a Biotechnology Engineering degree. They were paid more than the legal minimum and, like all eligible employees, received luncheon vouchers. An apprenticeship contract was signed in September 2023 with a Master's student in Finance.

1.13.1.2. WORK ORGANIZATION

The Company complies with the law in force and the reference weekly schedule is 35 hours for the French site in 2023.

An agreement relating to the organization of working time was signed on January 25, 2018 and modified by amendment on March 20, 2020. It sets the terms of organization of work for employees, according to their status:

- executive: fixed day rate ;
- non-executives: average working hours of 36 hours 30 minutes according to collective, shift or variable working hours depending on the department to which they belong; and
- this reorganisation of working hours is also reflected in the granting of a minimum of 10 RTT days per year for a full-time employee who has been present throughout the year.

It should be noted that these terms and conditions apply *pro rata temporis* to part-time employees.

Part-time employees (10% of the workforce in 2023 and 2022) are part-time at their request, often as part of parental leave, but not only. Indeed, in order to find a fair balance between their professional activity and their personal life, the Company studies each employee request aimed at adapting its work organization, temporarily or permanently.

1.13.1.3. SOCIAL RELATIONS

As the mandate of the Social and Economic Committee (CSE) comes to an end on July 2, 2023, new elections took place to renew it before this deadline. The composition of the CSE takes into account the reduction in the Company's workforce before the merger with Pherecydes, its responsibilities remaining identical to those of a CSE of more than 50 employees. The CSE currently has two full members (one for the Executives college, one for the Technicians college) and two substitutes. Meetings with the CSE are held regularly, according to legal procedures. In 2023, several extraordinary meetings were added to the ordinary meetings, notably within the framework of the merger project with the company Pherecydes, then the Employment Protection Plan (PSE) linked to the refusals by certain employees of Nantes and Romainville to geographical mobility towards Lyon, with the aim of maintaining social dialogue.

The signed agreements or commitments in the company are as follows:

- *Profit-sharing:* the previous agreement having ended on December 31, 2022, a new employee profit-sharing agreement for the company was signed on June 27, 2023 (with retroactive effect to January 1, 2023) for a period of 3 years. An addendum for contributions to PEE and PER employee savings plans was signed for 2023.
- *Arrangement of working time:* the agreement was signed on January 25, 2018 and an amendment signed on March 20, 2020 allowed it to be updated.
- *Pharmaceutical standby working hours:* an agreement relating to the introduction of pharmaceutical standby working hours within the pharmaceutical establishment was signed on 27 March 2020 and came into force on 1 April 2020. It has been suspended following the closure of the clinical batch production activity in 2022.
- *Technical standby working hours:* an agreement relating to the introduction of technical standby working hours within the pharmaceutical establishment was signed on 12 October 2020 and came into force on 19 October 2020. It has been suspended following the closure of the clinical batch production activity in 2022.

- *A "home office" charter has been introduced,* allowing eligible employees to work from home up to 10 times a month (instead of five before 2022) on a voluntary basis. In September 2023, an update was made: in order to strengthen the feeling of belonging to the company and avoid the social isolation of certain employees, the Management wishes to favour an organisation alternating periods of home office and on-site presence and recommends on-site presence at least three times a week.
- *Working weekends and public holidays:* employees in certain departments may be called upon to work at weekends and/or on public holidays. The agreement on the organisation of working hours signed in January 2018 and its rider of 20 March 2020 specify the conditions under which this work is possible and how it is compensated.
- *Payment for "sick children" days:* this is a unilateral commitment by the employer, who decides to pay for "sick children" days in accordance with the conditions laid down.

1.13.1.4. HEALTH AND SECURITY

In terms of Health and Safety, the Company complies with legal and conventional requirements. A safety representative from the Innovation and Valorization division has been appointed.

Furthermore, the Company's activities are carried out in a particularly strict context in terms of approvals and authorizations and staff safety is a fundamental element for the sustainable development of the company.

Also, the Company has deployed, from the outset, a quality management policy. In this context, the Company has a general Health and Safety procedure governing staff practices with regard to the following two risks: biological and chemical.

No work accidents or occupational illnesses were recorded in 2023, one commuting accident was reported without resulting in work stoppage.

1.13.1.5. SKILL DEVELOPPEMENT

The Company is pursuing its skills development policy with a long-term investment perspective, based on actions aimed at strengthening collective and individual skills. In 2023, it trained 24 people so that they mastered technological developments and the specific regulations linked to its sector of activity, its equipment and the projects carried out (according to the orientation set in terms of professional training).

1.13.1.6. EQUAL TREATMENT

1.13.1.6.1 MEASURES TAKEN TO PROMOTE GENDER EQUALITY

In 2023, the Company has decided to continue the measures undertaken in previous years in order to consolidate, with equal skills and qualifications, gender equality. This is reflected more particularly in the desire to favor the hiring of women at the “Director” level and the hiring of men at other levels.

As of the date of the Universal Registration Document, in accordance with the provisions of articles L. 225-18-1 and L. 22-10-3 of the Commercial Code relating to the balanced representation of women and men on the boards of directors. administration and professional equality, the proportion of women members of the Board of Directors was 33.3% (2 women and 4 men).

In accordance with the Law *Liberté de choisir son avenir professionnel*, the Company has published its Gender Equality Index for the 2023 reference period for France. It is 89 points out of 100.

In addition, in France, a gender equality action plan has been in effect within the Company since April 2021, in order to reduce the gaps observed. Associated with this are specific progress objectives on two indicators, communicated in September 2023.

1.13.1.6.2 MEASURES TAKEN TO PROMOTE EMPLOYMENT, INTEGRATION OF DISABLED EMPLOYEES AND FIGHT AGAINST DISCRIMINATION

The Company's recruitment procedures:

- provide for the possible integration of disabled people,
- recall the regulatory requirements in terms of non-discrimination in hiring

In 2023, the Company published its job offers systematically mentioning the opening to people with disabilities.

1.13.1.7. PROMOTION AND COMPLIANCE WITH THE STIPULATIONS OF THE FUNDAMENTAL CONVENTIONS OF THE INTERNATIONAL LABOR ORGANIZATION RELATING TO RESPECT FOR FREEDOM OF ASSOCIATION AND THE RIGHT OF COLLECTIVE BARGAINING, THE ELIMINATION OF DISCRIMINATION IN EMPLOYMENT AND PROFESSIONAL MATTERS, THE ELIMINATION FROM FORCED OR COMPULSORY LABOR TO THE EFFECTIVE ABOLITION OF CHILD LABOR

The group's employees carry out their activities in France and the United States.

The Company complies with the regulations in force in these countries, in particular with regard to:

- *Freedom of association:* the Company's internal regulations allow its employees to participate in associative activities. In fact, no ban or sanction is taken in the event of its employees joining associations.
- *Collective negotiation:* employee representatives may negotiate and conclude one or more collective agreements under the conditions set by the labor code when the subject of said agreement was not provided for by the Collective Agreement applicable to the Company and/or is subject to collective bargaining in accordance with labor law.
- *Elimination of forced or compulsory labor, and effective abolition of child labor:* the Company does not have activities in a country where such practices persist.
- *Elimination of discrimination in employment and profession:* the Company promotes the principle of professional equality by ensuring that there is no discrimination in terms of recruitment, remuneration, training and skills development and professional development.
- *Freedom of expression:* this right of expression is recognized for all employees, regardless of the contract that binds them to the company, their qualification, their seniority and their place in the professional hierarchy.

1.13.2. ENVIRONMENTAL INFORMATION

The activities implemented include custom industrial production. These activities therefore generate neither massive use of raw materials, nor critical consumption of energy, nor release into the environment or greenhouse gases, nor use of land. Furthermore, the Company's own activities do not generate any particular noise pollution for local residents. The Company has not identified any major environmental risks linked to its activity which could lead it to provision for these risks. To date, the Company has not identified any opportunity to take part in an approach to protecting biodiversity and adapting to the

consequences of climate change. Actions to combat food waste do not constitute an issue given the Company's activity.

1.13.2.1 GENERAL ENVIRONMENTAL POLICY

Despite its low environmental impact, the Company and its employees are committed to sustainable development. The Company applies ecologically responsible paper management practices such as using an electronic document management system, setting all printers to default recto/verso printing and purchasing reams of "ecological quality" paper (EU Ecolabel or PEFC). Together, these practices form a virtuous cycle that avoids cutting down trees as much as possible.

The Company has also introduced a responsible purchasing policy for its office consumables (purchasing 'ecological quality' supplies wherever possible) and uses energy-saving devices such as time-delayed lighting in the corridors. All the lighting installed is low-energy LED.

The company encourages its employees to use public transport and other soft modes such as bicycles rather than personal vehicles. Phaxiam is located in the heart of Lyon's health centre, which is well served by public transport, reducing the need to travel by car. Since 2016, employees who cycle to work have been entitled to a mileage allowance.

1.13.2.2 CIRCULAR ECONOMY

1.13.2.2.1 WASTE PREVENTION AND DISPOSAL

Since 2013, the Company has used a specialised company to destroy and recycle all unused internal and external paper documents. The Company systematically arranges for the removal and treatment of its hazardous waste (biological and chemical) from laboratory and production activities, by a specialist company, to ensure full traceability through the treatment channel used.

Since December 2015, the Company has been working with Tribü to recycle its waste: paper, cardboard, plastic bottles, plastic cups, cans, coffee capsules, WEEE, batteries, light bulbs, ink cartridges and pallets. In 2023, Tribü collected more than 0.6 tonnes of waste for recycling.

1.13.2.2.2 SUSTAINABLE USE OF RESOURCES

In 2019, the Company has contracted the supply of electricity from a provider producing 100% renewable and 100% local energy for one of its buildings.

1.13.3 SOCIETAL INFORMATION AND SOCIETAL COMMITMENTS TO SUSTAINABLE DEVELOPMENT

1.13.3.1 TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF COMPANY ACTIVITY

A major characteristic of the Company is the desire to share its development with its home region, in particular by calling on the services of a number of local consultancies (patents, finance, etc.).

The Company is also an active member of a number of national and regional professional organisations in the healthcare and/or biotechnology sectors. The Company has renewed its membership of the Association des Fabricants de l'Industrie Pharmaceutique de la Région Rhône-Alpes (AFIPRAL), which aims to boost the performance of member companies by mobilising a regional network to share industrial know-how. The Company regularly hosts AFIPRAL committees on its premises.

The Company is keen to establish close relations with training organisations and universities, and allows its employees to give courses during their working hours, based on their expertise in various fields.

1.13.3.2 RELATIONS WITH STAKEHOLDERS

1.13.3.2.1 PROTECTION OF PERSONAL DATA

In the European Union, the processing of personal data is governed by the provisions of the General Data Protection Regulation of April 27, 2016 (the GDPR).

The GDPR imposes additional obligations concerning the processing of personal data, such as for example the reinforced information of the persons concerned, the updating of subcontracting contracts to include a certain number of mandatory information, the keeping of a register listing all processing operations implemented, notification of security breaches to the competent authorities when the breaches are likely to create a risk for the rights and freedoms of the persons concerned and to the persons concerned themselves when the breaches are likely to create a high risk for the rights and freedoms of data subjects or, in certain cases, the carrying out of data protection impact analyzes (DPIA) and the appointment of a Data Protection Officer (DPD or DPO). In addition, specific national rules may apply to the processing of data for medical research purposes, potentially involving formalities with national data protection authorities.

Following the entry into force of the GDPR, the Company has appointed a Data Protection Officer, in charge of strengthening its personal data protection policy, defining and implementing an action plan for the compliance within the company.

The Data Protection Officer has carried out several awareness-raising actions among employees relating to the obligations imposed by the GDPR, particularly linked to our clinical trials. An AIPD was initiated, with the help of a specialist law firm. The Company has also initiated proposals for “Data processing agreements” or “Personal data processing contracts” with service providers likely to have access to patients' personal data and ensured that all stakeholders involved in the clinical trial (investigators, centers, etc.) are contractually subject to the rules of the GDPR. These actions made it possible to respond to expectations and requests relating to the GDPR from the ethics committees responsible for validating the documentation of the Company's clinical trials. There was also the implementation of other actions, which aimed at the internal compliance of the Company. All new arrivals benefit from awareness-raising on the protection of personal data. Internal procedures have been reviewed to incorporate GDPR requirements.

Failure to comply with the requirements of the GDPR and the national laws of the Member States of the European Union relating to data protection may result in the application of substantial fines, which could adversely affect the activities, results of operations and financial situation of the Company.

Finally, in certain European countries, such as in France for example, the hosting of health data must be carried out by specifically certified hosting service providers. The absence or suspension of appropriate certification of this hosting service provider could adversely affect the Company's business.

1.13.3.2.2 RELATIONS WITH ITS SHAREHOLDERS AND INVESTORS

All shareholders have access to complete, transparent and clear information, adapted to everyone's needs and useful for an objective assessment of the Group's growth strategy and results. This financial

communication policy aims to provide all shareholders with information in accordance with industry practices.

A very wide variety of public documents including those distributed as regulated information (periodic information, press releases, etc.) cover the Company's activity, strategy and financial information and are accessible on its website under the Investors section, in French and English. An email address (*investors@phaxiam.com*) is also dedicated to investors.

In 2023, the Company continued its participation in numerous financial conferences in order to meet its shareholders and institutional investors.

1.13.3.2.3 RELATIONS WITH ITS PARTNERS

At least once a year, steering committees are organized between the Company and its main partners, in order to discuss the strategy and the progress of joint projects.

1.13.3.3 SUBCONTRACTING AND SUPPLIERS

The Company promotes regular collaborations, wherever possible, in order to build trusted customer-supplier, or customer-subcontractor relationships (*see section 1.9 of the Universal Registration Document*).

The Company also has a procedure for selecting and monitoring suppliers as part of its business relationships with suppliers for certain critical ones (clinical trials, non-clinical trials, pharmacovigilance and suppliers of the production unit). Given the regulatory aspects of the company's activities, most service providers and suppliers must also obey Good Laboratory and/or Manufacturing and/or Clinical Practices.

During pre-selection, the Company favors, for equal service, suppliers with a CSR policy.

1.13.3.4 LOYALTY OF PRACTICES

In addition to the applicable regulations in force, the Company has implemented various policies to strengthen the ethical approach. These policies include anti-corruption and personal data protection measures.

1.14 GOVERNMENT REGULATIONS

Government authorities in the United States at the federal, state, and local levels, as well as authorities in other countries, widely regulate, among other things, research, development, evaluation procedures, manufacturing, quality control, authorization, labeling, packaging, storage, traceability, promotion, advertising, distribution, post-authorization monitoring and notification, marketing and export/import of medicinal and biological products, or biological agents, such as the Company's product candidates. Generally, before a new drug or biological agent can be marketed, a considerable amount of data must be collected to demonstrate its quality, safety and effectiveness, and this data must be presented in a specific format. to each regulatory authority and subject to the review and authorization of the regulatory authorities in question.

1.14.1 DEVELOPMENT OF ORGANIC PRODUCTS IN THE UNITED STATES

In the United States, biological products are regulated by the Food and Drug Administration (FDA) under the Federal Food, Drug, and Cosmetic Act (FDCA) and the Public Health Service Act (PHSA) and their implementing regulations. Biological agents are also subject to other federal, state and local laws and regulations. The process of obtaining regulatory authorisation and subsequent compliance with applicable federal, state, local and non-U.S. laws and regulations requires a considerable investment of time and financial resources.

Failure to comply with the requirements in force in the United States at any stage of the product development or approval process, or after approval, may expose the applicant to administrative or judicial sanctions. These sanctions may include the FDA's refusal to grant pending approvals, withdrawal of an approval, suspension of clinical evaluation, information letters (known as "untitled" letters) or warning letters, product recall or withdrawal from the market, product seizure, injunctions to suspend all or part of production or distribution, fines, refusal to enter into contracts with the government, restitution, reimbursement, damage to reputation or civil or criminal penalties. Any coercive measures taken by regulatory agencies or judicial authorities may materially harm the Company.

In order to be legally marketed in the United States, product candidates must first be authorised by the FDA through a Biologics License Application (BLA). The process required by the FDA before a biological product can be marketed in the United States generally involves the following steps:

- conducting an extensive programme of non-clinical (also known as pre-clinical) laboratory evaluations, pre-clinical animal studies and formulation studies, in compliance with current regulations, in particular the FDA's Good Laboratory Practice (GLP);
- Submission of an Investigational New Drug (IND) application to the FDA, to take effect before the start of clinical trials in humans;
- conducting adequate and properly controlled clinical trials in humans, in accordance with the applicable IND and other regulations relating to clinical trials, sometimes referred to as Good Clinical Practice (GCP), in order to establish the safety and efficacy of the product candidate in the proposed indication;
- submission of a BLA dossier to the FDA;
- satisfactory completion of a pre-approval inspection by the FDA of the manufacturing units in which the product is produced, in order to verify the application of the FDA's current Good Manufacturing Practice (cGMP), and to ensure that the premises, methods and control procedures are suitable for preserving the nature, dosage, quality, purity and potency of the product;
- possible audit by the FDA of the preclinical and/or clinical study centres that generated the data provided in support of the BLA application; and
- review and validation of the BLA by the FDA prior to any marketing or sale of the product in the United States.

The data to be provided in support of a BLA is generated in two distinct phases of development: the preclinical phase and the clinical phase. The preclinical phase of development generally consists of laboratory evaluations of the drug's chemistry, formulation and stability, as well as studies to assess its toxicity in animals, to support the subsequent conduct of clinical evaluations. Preclinical studies must be conducted in compliance with federal regulations, including GLP. As part of the IND application, the sponsor must submit to the FDA the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data or publications and a proposed clinical protocol. The purpose of an IND application is to obtain authorisation from the FDA to administer an investigational medicinal product in humans. Submission of an IND focuses essentially on the general experimental plan and the clinical trial protocol(s). The IND automatically takes effect 30 days after receipt by the FDA, unless the FDA raises concerns or questions about the proposed clinical trials and

suspends the clinical evaluation of the IND during this 30-day period. In this case, the IND sponsor and the FDA must resolve any outstanding issues before clinical trials can begin. The FDA may also impose a suspension of the clinical evaluation of a product candidate at any time prior to or during clinical trials due to safety or non-compliance issues. As a result, the Company cannot be certain that the submission of an IND will result in the FDA authorising the commencement of clinical trials, or that, once clinical trials have commenced, problems will not arise that could result in the temporary or permanent suspension of trials.

The clinical development phase involves the administration of the product candidate to healthy volunteers or patients under the supervision of qualified investigators (generally doctors who are not employed by or under the control of the trial sponsor), in accordance with GCP, which requires, among other things, that informed consent be obtained from all research patients for their participation in a clinical trial. Clinical trials are conducted under the terms of protocols which detail, among other things, the objectives of the clinical trial, the administration procedures, the patient selection and exclusion criteria, and the parameters to be used to monitor patient safety and assess product efficacy. Each protocol, as well as any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND filing. In addition, each clinical study must be examined and approved by an independent ethics committee (IRB, Institutional Review Board), within or serving each establishment in which the clinical trial will be conducted. The IRB is responsible for protecting the welfare and rights of participants in clinical trials and, for example, for determining whether the risks to people taking part in clinical trials are kept to a minimum and are reasonable in relation to the expected benefits. The IRB is also responsible for approving the informed consent form, which must be provided to each clinical trial subject or their legal representative, and for monitoring the clinical trial until its conclusion.

Regulations also govern the production of reports of clinical studies in progress and the publication of final clinical study results in public registries. Sponsors of clinical trials on products regulated by the FDA, including biological agents, are obliged to register and disclose certain information about the clinical trials, which is made available to all at www.clinicaltrials.gov. Information concerning the product, patient population, evaluation phase, study centres and investigators, as well as other aspects of the clinical study, are made public as part of this registration. Sponsors are also obliged to discuss the results of their clinical trials after they have been completed. Disclosure of the results of these trials may be deferred until the new product or indication under study has been approved.

Clinical trials are generally conducted in three consecutive and possibly overlapping phases, known as phase 1, phase 2 and phase 3 clinical trials. Phase 1 clinical trials generally involve a small number of healthy volunteers who are first exposed to a single dose and then to multiple doses of the product candidate. The main objective of these clinical studies is to evaluate the metabolism, pharmacological action, tolerance of adverse effects and safety of use of the product candidate and, as far as possible, to gather preliminary evidence of its efficacy. Phase 2 clinical trials usually involve studies in patients with the disease to determine the dose required to obtain the desired benefits. At the same time, safety data and additional information on the pharmacokinetics and pharmacodynamics of the product are collected, alongside the identification of potential adverse effects and safety risks, and the preliminary assessment of efficacy. Phase 3 clinical trials generally involve large numbers of patients, in multiple centres, in multiple countries (the number may range from several hundred to several thousand patients), and are designed to provide the necessary data to establish the efficacy and safety of the product in the context of its intended use, and to define the overall benefit/risk ratio of the product and lay the appropriate foundations for product authorisation. In phase 3 clinical trials, the product may be compared with a placebo and/or other treatments (active comparators). The duration of treatment is often extended in order to mimic the actual use of a product when it is marketed. As a general rule, two adequate and properly controlled phase 3 clinical studies are required by the FDA for validation of a BLA application.

Post-marketing authorisation (PMA) studies, sometimes referred to as phase 4 clinical trials, may be carried out after the initial marketing authorisation has been obtained. These trials are used to gather additional data on patients' experience of treatment in the intended therapeutic indication. In some cases, the FDA may make it a condition of BLA validation that the sponsor undertakes to conduct additional clinical trials to complete the evaluation of the safety and efficacy of the biological product.

Progress reports detailing the results of clinical trials must be submitted at least annually to the FDA and written safety reports concerning the IND must be submitted to the FDA and to the investigators in order to report suspected serious and unexpected adverse events or any results of tests in laboratory animals suggesting the existence of a significant risk for human patients. Phase 1, phase 2 and phase 3 clinical trials may not be successfully completed within the defined timeframes, or at all. The FDA, the IRB or the sponsor may decide to temporarily or permanently stop a clinical trial at any time for various reasons, in particular if it appears that research participants or patients are exposed to an unacceptable risk to their health. Similarly, the IRB may temporarily or permanently stop a clinical trial in the establishment concerned if it appears that the clinical trial is not being conducted in accordance with the IRB's requirements or if the medicinal product has been associated with unexpected serious deleterious effects in patients. In addition, some clinical trials are supervised by an independent group of qualified experts set up by the clinical trial sponsor, known as the Data Safety Monitoring Board (DSMB). This committee is responsible for granting or withholding authorisation to continue the trial at defined intervals, based on consultation of certain trial data. The Company may also temporarily or permanently discontinue a clinical trial, depending on changes in commercial objectives and/or the competitive environment. In parallel with clinical trials, companies usually conduct additional animal studies and must also gather additional information on the chemical and physical characteristics of the product candidate, while finalising the manufacturing process for the product in commercial quantities in accordance with GMPa (or cGMP) requirements. The manufacturing process must ensure consistent production of quality batches of the candidate product and must, amongst other things, include methods to test the nature, assay, quality and purity of the final product. In addition, appropriate packaging must be selected and tested, and stability studies must be carried out to demonstrate that the product candidate is not subject to unacceptable deterioration during its storage life.

FDA BLA application review process

Once the studies have been completed, the trial data are analyzed to assess the product's safety and efficacy. The results of preclinical studies and clinical trials are then submitted to the FDA as part of a BLA dossier, together with proposed product labeling and information on the process and manufacturing facilities that will be used to ensure product quality, the results of analytical tests on the chemistry of the product candidate, and other relevant information. A BLA dossier is an application for authorization to market a biological product in one or more defined indication(s), and must provide evidence of the product's safety, purity, activity and efficacy based on extensive preclinical and clinical evaluations. The application must mention negative or ambiguous results from preclinical studies and clinical trials, as well as positive results. Data may come from company-sponsored clinical trials designed to assess a product's safety and efficacy, or from a number of other sources, including investigator-initiated studies. The data submitted in support of a BLA application must be sufficient, in terms of quality and quantity, to establish the safety and efficacy of the investigational product to the satisfaction of the FDA. The BLA application must be validated by the FDA before a biological product can be offered for sale in the United States.

Under the Prescription Drug User Fee Act (PDUFA), as amended, each BLA must be accompanied by payment of a significant user fee, which is adjusted annually. The PDUFA also imposes an annual product tax on drugs for human use, and an annual establishment tax on prescription drug manufacturing

units. Tax exemptions or reductions are possible in certain cases, including a tax exemption for the first application filed by a small business.

Once the BLA has been accepted for registration, i.e., if applicable, sixty days after submission, the FDA aims to review BLAs within ten months of the registration date in the case of standard review, or within six months in the case of priority review, i.e., if the application concerns a product intended for the treatment of a serious or life-threatening disease or condition, and if the product, if approved, is likely to offer a significant improvement in terms of safety or efficacy. The review process is often significantly prolonged due to requests for additional information or clarification from the FDA.

Once the BLA has been accepted for registration, the FDA reviews the BLA dossier to determine, among other things, whether the proposed product candidate is safe and effective for its intended use, and whether it is manufactured in accordance with cGMP in such a way as to guarantee and preserve its nature, dosage, quality, purity and potency. When the product candidate is a new drug or a drug with complex safety or efficacy issues, the FDA may refer applications to an advisory committee (usually a panel of clinicians and other experts) for review, evaluation and recommendation as to whether or not the application should be approved, and under what conditions. Advisory committee recommendations are not binding on the FDA, but the FDA takes them carefully into account when making its decisions. The FDA will probably wish to re-analyze clinical trial data, which may give rise to lengthy discussions between the FDA and the Company during the review process. The FDA's review and evaluation of a BLA application is a cumbersome procedure, taking a long time, sometimes longer than initially anticipated, and the Company may not obtain approval within the expected timeframe, or at all.

Before approving a BLA application, the FDA will carry out a pre-clearance inspection of the new product's manufacturing units to determine whether they comply with cGMP. The FDA will not approve the product until it has established that the manufacturing processes and units comply with cGMP requirements and ensure consistent production of the product to the required specifications. In addition, before approving a BLA, the FDA may also audit clinical trial data to ensure that it complies with GCP requirements. Once the FDA has evaluated the application, the manufacturing process and the manufacturing units, it may issue an approval letter or a Complete Response Letter (CRL). An approval letter authorizes marketing of the product with a specific therapeutic information sheet in specific indications. A Complete Response Letter indicates that the application review cycle has been completed and that the application is not ready for approval. The complete response letter usually describes all the specific deficiencies identified by the FDA in the BLA application. This letter may request additional clinical data and/or additional pivotal Phase 3 clinical trial(s), and/or other burdensome and time-consuming requests related to clinical trials, preclinical studies or manufacturing. Upon receipt of a complete response letter, the applicant can either resubmit the BLA request, providing answers to all the deficiencies identified in the letter, or withdraw the request. Even if these data and information are submitted, the FDA may ultimately decide that the BLA dossier does not meet the criteria required for approval. Data from clinical trials are not always conclusive, and the FDA may interpret the data differently from the Company.

There is no guarantee that the FDA will ultimately authorize the marketing of a product in the United States, and the Company may face significant difficulties or costs during the review process. In the event of marketing authorization for a product, the authorization may be significantly limited by being restricted to certain specific populations or levels of allergy severity, and dosages or indications may also be subject to other restrictions, which could diminish the product's commercial value. In addition, the FDA may require that specific contraindications, warnings or precautions be mentioned in the product's labeling, or set conditions for BLA validation such as the application of other modifications in the proposed labeling, the development of adequate controls and specifications, or a commitment to conduct post-approval

evaluations or clinical trials and follow-up to monitor the effects of approved products. For example, the FDA may request Phase 4 evaluations in the form of clinical trials designed to further assess the product's safety and efficacy, and may require testing and follow-up programs to monitor the safety of approved products that have been marketed. The FDA may also set other conditions for approvals, including requiring the implementation of a Risk Evaluation and Mitigation Strategy (REMS), to ensure the safe use of the product. If the FDA concludes that a REMS is necessary, the sponsor of the BLA must submit a REMS proposal. The FDA will not validate the New Drug Application (NDA) in the absence of an approved REMS, if one has been requested. A REMS may include treatment guidelines, physician communication plans or elements to ensure safe use of the product, such as distribution restriction methods, patient registries and other risk minimization tools. All these restrictions applied to the authorization or marketing of the product may limit the commercial promotion, distribution, prescription or dispensing of products. A product's authorization may be withdrawn for failure to comply with regulatory standards, or in the event of problems arising after initial marketing.

Other U.S. regulatory issues

Production, sales, promotion and other activities following product approval are also subject to regulations issued by numerous regulatory authorities in addition to the FDA, including, in the United States, the Centers for Medicare and Medicaid Services (CMS), other divisions of the United States Department of Health and Human Services, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration, the Environmental Protection Agency, as well as state and local governments. In the U.S., sales, marketing, scientific and educational programs must comply with state and federal laws regarding fraud and abuse, data privacy and security, transparency, and pricing and reimbursement requirements related to government third-party payer programs, among others. The handling of any controlled substance must comply with the US Controlled Substances Act and the Controlled Substances Import and Export Act. Products must meet the applicable child-resistant packaging requirements of the US Poison Prevention Packaging Act. Production, sales, promotion and other activities are also potentially subject to federal and state consumer protection and unfair competition laws. The distribution of medicines is subject to additional requirements and regulations, including full record-keeping, licensing, storage and security requirements, aimed at preventing unauthorized sales.

Failure to comply with regulatory requirements exposes entities to possible legal action or regulatory measures. Depending on the circumstances, failure to comply with applicable regulatory requirements may result in criminal prosecution, fines or other penalties, injunctions, recall or seizure of products, total or partial suspension of production, refusal or withdrawal of marketing authorization for products, and prohibition of the entity from entering into supply contracts, including government contracts. Furthermore, even if an entity complies with FDA and other regulatory requirements, new information concerning the safety or efficacy of a product could prompt the FDA to modify or withdraw the product's marketing authorization. Bans or restrictions on sales, or the withdrawal of future products marketed by the Company, could adversely affect its business.

Changes in regulations, legislation or the interpretation of existing regulations could have an impact on the Company's activities in the future, requiring, for example: (i) changes to its production agreements and/or commercial operations; (ii) additions or changes to the labeling of its products; (iii) the recall or discontinuation of its products; (iv) additional data logging and/or documentation requirements. If such changes were to be imposed on the Company, they could adversely affect its operations.

Patent term restoration and market exclusivity in the United States

Depending on the timing, duration and specific provisions of the FDA marketing authorization granted to the Company's product candidates, some of its U.S. patents may be eligible for a limited term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, also known as the "Hatch-Waxman Amendments". It allows patent term restoration for up to five years to compensate for time lost during product development and the FDA regulatory review process. However, patent term reinstatement cannot exceed the remaining patent term beyond 14 years from the date of marketing authorization. The patent term reinstatement period is generally equivalent to half the time elapsed between the date of application for Investigational New Drug (IND) and the date of submission of a Biologics License Application (BLA), plus the time elapsed between the date of submission of a BLA and its approval. Only a patent applicable to an approved drug is eligible for extension. In addition, the application for extension must be submitted before the patent expires. The US Patent and Trademark Office (PTO), in consultation with the FDA, reviews and approves requests for patent term extension or reinstatement. In the future, the Company may request the reinstatement of the term of patents it currently holds or licenses, in order to extend their life cycle beyond their current expiry dates, depending on the expected length of clinical trials and other factors involved in filing the relevant BLA.

An abbreviated approval pathway for biologics shown to be similar to, or interchangeable with, an FDA-approved reference biologic was created by the Biologics Price Competition and Innovation Act of 2009, part of the Affordable Care Act (ACA or "Obamacare"). This amendment to the Public Health Service Act (PHSA) seeks to limit duplicate testing. Bio-similarity, which requires that the biological product be highly similar to the reference product, despite minor differences in clinically inactive components, and that there are no clinically significant differences between the product and the reference product in terms of safety, purity and potency, can be demonstrated using analytical studies, animal studies and one or more clinical trials. Interchangeability requires that a biological product be bio-similar to the reference product and that the product can be expected to give the same clinical results as the reference product and, for products administered several times, that the product and the reference product can be exchanged after one of them has been administered previously without increasing either the risks to safety or the risks of reduced efficacy associated with exclusive use of the reference biological product. However, the complexity associated with the broader, and often more complex, structure of biologics, as well as their production process, poses considerable obstacles to implementation, which the FDA is still working to overcome.

A twelve-year period of exclusivity is granted to a reference biologic from the date of first licensing of that product. The first biological product submitted under the abbreviated approval route, determined to be interchangeable with the reference product, is granted exclusivity in relation to other biological products for which an application is filed under the abbreviated approval route for the shorter period between (1) one year after first marketing, (2) 18 months after approval in the absence of a legal challenge, (3) 18 months after the resolution, in favor of the applicant, of a lawsuit involving biological patents if an application has been submitted, or (4) 42 months after approval of the application if a lawsuit is pending within 42 months.

Pediatric exclusivity is another type of regulatory market exclusivity in the USA. If granted, it extends existing exclusivity periods and the patent term by six months. This six-month exclusivity, which runs from the end of another exclusive protection or patent term, can be granted on the basis of the voluntary conduct of a pediatric trial, in accordance with a "written request" issued by the FDA for the clinical trial in question.

1.14.2 DRUG DEVELOPMENT IN THE EUROPEAN UNION

In the European Union, product candidates may also be subject to strict regulatory requirements. Medicinal products can only be marketed if a marketing authorization has been issued by the relevant regulatory authorities.

1.14.2.1 DRUG REVIEW AND APPROVAL PROCESS IN THE EUROPEAN UNION

To obtain a marketing authorization for a medicinal product in the EU, an applicant must submit a marketing authorization either under a centralized procedure administered by the EMA, or under one of the procedures administered by the competent authorities of EU member states (decentralized procedure, national procedure or mutual recognition procedure). A marketing authorization can only be granted to an applicant established in the EU:

Centralized procedure

Under the centralized procedure, a single marketing authorization is granted by the European Commission, valid for all EU member states. Under Regulation (EC) no. 726/2004, the centralized procedure is compulsory for specific products, including (i) medicinal products derived from certain biotechnological processes, (ii) medicinal products designated as orphan drugs, (iii) advanced therapy medicinal products and (iv) medicinal products containing a new active substance indicated for the treatment of HIV/AIDS, cancer, neurodegenerative diseases, diabetes, autoimmune diseases and other immune dysfunctions, and viral diseases. For products containing a new active substance indicated for the treatment of other diseases, and for products that are highly innovative or for which a centralized procedure is in the interest of patients, the centralized procedure may be optional.

Under the centralized procedure, the EMA's Committee for Medicinal Products for Human Use (CHMP) is responsible for carrying out the initial assessment of a product. The CHMP is also responsible for a number of post-authorization and maintenance activities, such as the evaluation of modifications or extensions to an existing MA.

Under the EU's centralized procedure, the maximum time allowed for the assessment of a marketing authorization is 210 days, not including clock stops when additional information or written or oral explanations are required from the applicant in response to CHMP questions. An accelerated assessment may be granted by the CHMP in exceptional cases, when a medicine targeting an unmet medical need is expected to be of major interest from a public health point of view, and in particular from the point of view of therapeutic innovation. If the CHMP accepts a request for accelerated assessment, the 210-day time limit will be reduced to 150 days (not counting clock stoppages). The CHMP may, however, revert to the standard deadline for the centralized procedure if it considers that it is no longer appropriate to proceed with an accelerated assessment.

Decentralized procedure

Unlike the centralized authorization procedure, the decentralized MA procedure requires a separate application to, and approval by, the competent authorities of each EU member state in which the product is to be marketed. This application is identical to that which would be submitted to the EMA for authorization under the centralized procedure. The reference EU Member State prepares a draft assessment and related draft documents within 120 days of receipt of a valid application. The resulting assessment report is submitted to the EU Member States concerned, which must decide within 90 days of receipt whether to approve the assessment report and related documents. If a concerned EU Member State is unable to approve the assessment report and related documents due to concerns about a potential serious risk to public health, the contested elements may be submitted for review to the Coordination

Group for Mutual Recognition and Decentralized Procedures for Medicinal Products for Human Use (CMDh). The European Commission's subsequent decision is binding on all EU member states.

Mutual recognition procedure

The Mutual Recognition Procedure enables companies with a drug already authorized in one EU member state to request that this authorization be recognized by the competent authorities of other EU member states. Like the decentralized procedure, the mutual recognition procedure is based on acceptance by the competent authorities of the EU member states of a medicinal product's marketing authorization by the competent authorities of the other member states. The holder of a national MA may submit an application to the competent authority of a Member State for that authority to recognize the MA issued by the competent authority of another Member State.

In principle, a marketing authorization is initially valid for five years. The MA may be renewed after five years on the basis of a reassessment of the benefit/risk ratio by the EMA or by the competent authority of the EU member state in which the initial MA was granted. To support its application, the MA holder must provide the EMA or the competent authority with a consolidated version of the eCTD (Common Technical Document) providing updated data concerning the quality, safety and efficacy of the medicinal product, including all changes introduced since the MA was granted, at least nine months before the end of the MA's validity. The European Commission or the competent authorities of the EU Member States may decide, for justified reasons relating to pharmacovigilance, to proceed with a further five-year renewal of the marketing authorization. Once definitively renewed, the MA is valid for an unlimited period. Any authorization which is not followed by the actual placing of the medicinal product on the EU market (in the case of a centralized procedure) or on the market of the authorizing Member State within three years of authorization ceases to be valid (sunset clause).

Innovative products that target an unmet medical need and are expected to be of major interest to public health can benefit from a number of accelerated development and review programs, such as the Priority Medicines (PRIME) program, which offers incentives similar to breakthrough therapy designation in the USA. PRIME is a voluntary program designed to strengthen the EMA's support for the development of medicines targeting unmet medical needs. It enables increased interaction and early dialogue with companies developing promising drugs, to optimize their product development plans and accelerate their evaluation to help the drug reach patients faster. Drug developers benefiting from PRIME designation are potentially eligible for accelerated MAA evaluation, although this is not guaranteed. Promoters of product candidates benefiting from PRIME designation reap benefits including, but not limited to, early and proactive regulatory dialogue with the EMA, frequent discussions on clinical trial plans and other elements of the development program, and potentially accelerated MA assessment once a dossier has been submitted.

In the EU, conditional marketing authorization may be granted in cases where all the required safety and efficacy data are not yet available. The conditional MA is subject to conditions to be met to generate the missing data or guarantee enhanced safety measures. It is valid for one year, and must be renewed each year until all conditions have been met. Once the outstanding studies have been provided, the conditional MA can be converted into a traditional MA. However, if the conditions are not met within the time limit set by the EMA, the MA will no longer be renewed.

Marketing authorization may also be granted under exceptional circumstances when the applicant can demonstrate that he is unable to provide complete data on efficacy and safety under normal conditions of use, even after the product has been authorized and subject to the implementation of specific procedures. Such circumstances may arise, for example, when the indications in question are very rare and, given the state of scientific knowledge at the time, it is not possible to provide complete information, or when the

production of data may be contrary to generally accepted ethical principles. Like conditional MA, MA under exceptional circumstances is reserved for medicines intended to be authorized for the treatment of rare diseases or unmet medical needs for which the applicant does not have all the data required for standard MA. However, unlike conditional MA, the applicant for authorization under exceptional circumstances is not required to provide the missing data at a later date. Although marketing authorization under exceptional circumstances is granted definitively, the benefit/risk ratio of the drug is reviewed annually, and marketing authorization is withdrawn if the benefit/risk ratio is no longer favorable.

In addition to marketing authorization, various other requirements apply to the manufacture and marketing of medicinal products in the EU. The manufacture of medicinal products in the EU requires a manufacturing authorization, and the import of medicinal products into the EU requires a manufacturing authorization allowing importation. The holder of the manufacturing authorization must comply with various requirements set out in applicable EU laws, regulations and guidelines. These requirements include compliance with EU GMP standards when manufacturing medicinal products and active pharmaceutical ingredients (APIs), including the manufacture of APIs outside the EU with the intention of importing the APIs into the Union. Similarly, the distribution of medicinal products within the EU is subject to compliance with applicable EU laws, regulations and guidelines, including the obligation to hold the appropriate distribution authorizations granted by the competent authorities of EU member states. Holders of a marketing authorization and/or a manufacturing and import authorization and/or a distribution authorization may be subject to civil, criminal or administrative sanctions, including suspension of the manufacturing authorization, in the event of non-compliance with EU or EU member state requirements applicable to the manufacture of medicinal products.

1.14.2.2 COMMERCIAL EXCLUSIVITIES

General

The EU provides for data and market exclusivity opportunities linked to marketing authorizations. When granted marketing authorization, innovative medicines are generally entitled to eight years' data exclusivity and ten years' market exclusivity. Data exclusivity, if granted, prevents EU regulatory authorities from referencing the innovator's data in assessing a generic or biosimilar application for eight years from the date of authorization of the innovator product, after which a generic or biosimilar MA can be submitted, and the innovator's data referenced. The period of market exclusivity prevents a successful generic or biosimilar candidate from marketing its product in the EU until 10 years have elapsed since the initial MA of the reference product in the EU. The overall ten-year period may, in certain cases, be extended by a further year up to a maximum of 11 years if, during the first eight years of this ten-year period, the marketing authorization holder obtains authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are considered to provide a significant clinical benefit compared to existing therapies. However, there is no guarantee that a product will be considered by EU regulatory authorities as a new chemical/biological entity, and products may not benefit from data exclusivity

In the EU, there is a special regime for biosimilars, or biological drugs that are similar to a reference drug but do not meet the definition of a generic drug. For these products, the results of appropriate pre-clinical or clinical trials must be provided in support of a marketing authorization application. EMA guidelines detail the type and amount of additional data required for different types of biological products.

1.14.2.3 ORPHAN DRUGS AND PAEDIATRIC MEDICINES

Paediatric medicines

In the EU, Regulation (EC) No. 1901/2006 stipulates that all marketing authorizations for new medicinal products must include the results of trials carried out in the pediatric population, in accordance with a Pediatric Investigation Plan (PIP) agreed with the EMA's Pediatric Committee (PDCO). The PIP defines the timetable and proposed measures for generating data to support a pediatric indication for the drug for which marketing authorization is sought. The PDCO may grant a deferral of the obligation to implement all or part of the measures set out in the PIP until sufficient data are available to demonstrate the efficacy and safety of the product in adults. In addition, the obligation to provide pediatric clinical trial data may be waived by the PDCO when such data are not necessary or appropriate because the product is likely to be ineffective or unsafe in children, the disease or condition for which the product is intended occurs only in adult populations, or the product does not represent a significant therapeutic advantage over existing treatments for pediatric patients. Once marketing authorization has been obtained in all EU member states, and the results of studies are included in the product information, even if they are negative, the product may benefit from a six-month extension of the supplementary protection certificate (SPC) if it is in force at the time of authorization, or, in the case of orphan drugs, a two-year extension of orphan drug market exclusivity.

Orphans drug

Regulation (EC) no. 141/2000, as implemented by Regulation (EC) no. 847/2000, provides that a medicinal product may be designated as an orphan medicinal product by the European Commission if its sponsor can establish that (1) the product is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition; (2) either (a) this condition affects no more than five in ten thousand people in the EU at the time of application, or (b) the product, without the benefits of orphan status, would not generate sufficient benefits in the EU; and (3) there is no satisfactory method of diagnosis, prevention or treatment of the condition in question which has been authorized in the EU or, if such a method exists, the medicinal product will provide significant clinical superiority to patients suffering from this condition.

In the EU, a request for orphan designation can be made at any time prior to filing for marketing authorization. Orphan drug designation entitles the applicant to benefits such as reduced or waived fees, protocol assistance and access to the centralized MA procedure. Once MA has been granted, orphan drugs benefit from a ten-year period of market exclusivity for the approved therapeutic indication, meaning that the EMA cannot accept another MA, grant an MA, or accept an MA extension application for a similar product for the same indication for a period of ten years. The period of market exclusivity is extended by two years for orphan drugs which have also complied with an agreed PIP. No extension of a Supplementary Protection Certificate can be granted on the basis of paediatric studies for orphan indications. Orphan drug designation confers no advantages and does not shorten the regulatory review and approval process.

The period of market exclusivity may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria on the basis of which it was granted orphan medicinal product status, including where it can be demonstrated, on the basis of available evidence, that the original orphan medicinal product is sufficiently profitable not to justify continued market exclusivity, or where the prevalence of the condition has increased beyond the threshold. In addition, a marketing authorization may be granted to a similar drug with the same orphan indication during the 10-year period: (i) if the applicant consents to a second application for the original orphan drug; (ii) if the manufacturer of the original orphan drug is unable to supply sufficient quantities; or (iii) if the second applicant can establish that its product, although similar, is safer, more effective or clinically superior to the original orphan drug. A company may voluntarily withdraw a product from the orphan drugs register.

Post-approval requirements

When a drug is granted marketing authorization in the EU, its holder is required to comply with a series of regulatory requirements applicable to the manufacture, marketing, promotion and sale of medicines. As in the U.S., MA holders and drug manufacturers are subject to comprehensive regulatory oversight by the EMA, the European Commission and/or the competent regulatory authorities of individual EU member states. The MA holder must establish and maintain a pharmacovigilance system, and appoint a qualified pharmacovigilance person who is responsible for monitoring this system. Key obligations include prompt reporting of suspected serious adverse reactions and submission of periodic safety update reports (PSURs).

All new marketing authorizations must include a risk management plan describing the risk management system that the company will put in place, and documenting measures to prevent or minimize the risks associated with the product. Regulatory authorities may also impose specific obligations as a condition of marketing authorization. These risk minimization measures or post-authorization obligations may include additional safety monitoring, more frequent submission of PSURs, or the conduct of additional clinical trials or post-authorization safety studies.

In the EU, the advertising and promotion of medicines is subject to EU and member state regulations governing the promotion of medicines, interactions with doctors and other healthcare professionals, misleading and comparative advertising, and unfair commercial practices. Although the general requirements for the advertising and promotion of medicines are laid down in EU directives, the details are governed by the regulations of each member state and may differ from country to country. For example, applicable laws require that promotional material and advertising concerning medicinal products comply with the Summary of Product Characteristics (SPC) as approved by the competent authorities as part of a marketing authorization. The SPC is the document that provides information to physicians on the safe and effective use of the product. Promotional activities that do not comply with the SPC are considered non-compliant and are prohibited in the EU. Direct-to-consumer advertising of prescription medicines is also prohibited in the EU.

If the Company fails to comply with applicable regulatory requirements, it may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, product seizures, operating restrictions and criminal prosecution.

1.14.3 OTHER FRENCH REGULATORY ISSUES

Clinical drug trials

The various phases of pre-clinical and clinical research in the European Union are subject to extensive regulatory controls. Clinical trials on medicinal products in the European Union (EU) must be carried out in accordance with EU and national regulations, and with International Conference on Harmonization (ICH) guidelines on GCP.

On December 13, 2021, the Health Technology Assessment (HTA) Regulation n°2021/2282 was adopted. It will apply from January 2025. The aim of this Regulation is to establish permanent and viable European cooperation in the common clinical evaluation of new medicinal products (and certain new medical devices). Member States will be able to use common HTA methods, procedures and tools throughout the European Union. The Regulation will facilitate the exchange of information with health technology developers on their development plans for a given health technology. Thanks to HTA, national health authorities will be able to make informed decisions on the pricing or reimbursement of health technologies that remain the national competence of Member States.

With regard to clinical trials, although Directive no. 2001/20/EC on the conduct of clinical trials sought to harmonize the regulatory framework for clinical trials in the European Union, by defining common rules for the control and authorization of clinical trials in the EU, Member States have transposed and applied the provisions of this Directive differently, resulting in significant variations in the regimes of different Member States. To improve the current system, a new regulation, Regulation 536/2014 on clinical trials on medicinal products for human use and repealing Directive 2001/20/EC, was adopted on April 16, 2014 and published in the European Official Journal on May 27, 2014. This regulation aims to harmonize and streamline the clinical trial authorization process, simplifying adverse event reporting procedures, improving clinical trial supervision and enhancing trial transparency. It was published on June 16, 2014, but did not come into force until January 31, 2022.

Rules applicable before the entry into force of Regulation (EU) no. 536/2014

In the European Union, Regulation (EU) No. 536/2014 on clinical trials on medicinal products for human use, which came into force on January 31, 2022, harmonizes and streamlines clinical trial authorizations, simplifies adverse event reporting procedures, improves the supervision of clinical trials and increases their transparency in all EU member states, including France.

In France, for example, Directive 2001/20/EC was transposed by Act no. 2004-806 of August 9, 2004 on public health policy and Decree no. 2006-477 of April 26, 2006 amending the section of the Public Health Code (CSP) relating to biomedical research. The Law of August 9, 2004 was notably amended by Law no. 2012-300 of March 5, 2012, or the Jardé Law, on biomedical research involving the human person, and Ordinance no. 2016-800 of June 16, 2016 on clinical trials of medicinal products for human use, which adapted French law to the new provisions of Regulation no. 536/2014 of the European Parliament and of the Council of April 16, 2014 on clinical trials of medicinal products for human use, which repealed Directive 2001/20/EC. The Jardé law had been inapplicable for a long time, and has been applicable since November 18, 2016, the date of its implementing decree. This law specifies the procedures for implementing research involving the human person. In particular, it specifies the definitions applicable to the various categories of research falling within its scope, the operation of personal protection committees (CPP), the procedures for requesting an opinion from the CPP and authorization from the *Agence Nationale de Sécurité du Médicament et des Produits de Santé* (ANSM), as well as the rules applicable in terms of vigilance.

Applicable provisions: Law no. 2012-300 of March 5, 2012, or Loi Jardé relating to research involving the human person, and Ordinance no. 2016-800 of June 16, 2016 relating to research involving the human person have adapted French law to the new provisions of Regulation no. 536/2014. Articles L. 1121-4 and L. 1123-8 of the CSP currently in force (amended by law 2004-806, law 2012-300 order 2016-800), introduce a prior authorization system for interventional clinical trials only. This authorization is issued by the ANSM. The conduct of any clinical trial (interventional or otherwise) also requires a favorable opinion from the relevant *Comité de protection des personnes* (CPP).

Opinion of the *Comité de Protection des Personnes*: Pursuant to article L.1123-7 of the CSP, the competent CPP - now randomly selected under article L.1123-6 of the CSP - must give its opinion on the validity of the research, particularly with regard to the protection of participants, the information provided to them and the procedure followed to obtain their informed consent, as well as the relevance of the research, the satisfactory nature of the evaluation of the expected benefits and risks, the adequacy between the objectives pursued and the means implemented, the qualifications of the investigator(s), the amounts and terms of compensation for participants, and the methods used to recruit participants.

ANSM authorization: After submission of the complete dossier containing information on the clinical protocol, product-specific data and quality control, as well as the results of preclinical studies, the ANSM may inform the sponsor that it objects to the implementation of the research project. The sponsor may then modify the content of his research project and submit this modified or completed application to the ANSM. If the sponsor does not modify the content of the application, it is considered rejected. According to article R. 1123-38 of the CSP, the maximum duration for examining a request for authorization may not exceed 60 days from receipt of the complete file. In accordance with article L. 1123-11 of the CSP, in the event of a risk to public health, or if the ANSM considers that the conditions under which the research is carried out no longer correspond to the conditions indicated in the authorization application, or do not comply with the provisions of the Public Health Code, it may at any time request that changes be made to the conditions under which the research is carried out, or to any document relating to the research, as well as suspending or prohibiting the research.

The ANSM decision of November 24, 2006 sets out the rules for Good Clinical Practice (GCP) in the conduct of clinical trials involving medicinal products for human use, as provided for in article L. 1121-3 of the CSP. The aim of GCP is to guarantee the reliability of clinical trial data and the protection of trial participants. GCP must be applied to all clinical trials, including pharmacokinetic, bioavailability and bioequivalence studies in healthy volunteers, as well as phase 2 to phase 4 clinical trials.

Depending on the type of personal data processing involved in clinical trials, it may be necessary to file formalities with the *Commission Nationale de l'Informatique et des Libertés* (CNIL). The clinical trial sponsor may be required to make a commitment to comply with one of the CNIL's reference methodologies, by means of a simplified notification procedure, or to apply for authorization where appropriate. Patients then in all cases have the right to access and rectify their personal data, as well as the right to object to their collection/withdraw their consent demand their erasure or a restriction on processing in accordance with the RGPD.

The main French legislative and regulatory texts relating to the conduct of clinical trials have been largely codified in the Public Health Code (articles L. 1121-1 to L. 1126-12 and articles R. 1121-1 to R. 1125-26, in particular, govern clinical trials involving human beings) and include:

- Loi Jardé, Law no. 2012-300 of March 5, 2012 on biomedical research involving human subjects;
- Order no. 2016-800 of June 16, 2016 on research involving the human person;
- Decree no. 2016-1537 of November 16, 2016 on research involving human beings;
- Decision of December 29, 2015 establishing the rules of good manufacturing practice, amended by the decision of November 26, 2020 ;
- Decision of November 24, 2006 establishing the rules of good clinical practice ;
- Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data ;
- French Data Protection Act of January 6, 1978, as amended, and its implementing decrees; and
- Law no. 2018-493 of June 20, 2018 on the protection of personal data.

Main rules since the entry into force of Regulation (EU) n°536/2014

Regulation 536/2014/EU on clinical trials came into force on January 31, 2022. This regulation aims to harmonize and streamline clinical trial authorizations, simplify adverse reaction reporting procedures, improve supervision of clinical trials and increase their transparency.

In accordance with article 98 of this regulation, a transition period was open until January 31, 2025:

- until January 31, 2023, the application for authorization of clinical trials was subject, at the sponsor's option, to the regime of Directive no. 2001/20/EC or that of Regulation no. EU 536/2014. If the sponsor opts for the Directive, the clinical trial in question will continue to be governed by the Directive until January 31, 2025;
- until January 31, 2025, ongoing clinical trials approved under Directive 2001/20 before January 31, 2022 will continue to be covered by the Directive; and
- from January 31, 2025, only the regulation will be directly applicable in all EU Member States, and all clinical trials will have to come under its regime.

Under Regulation 536/2014, the sponsor may submit its application for clinical trial authorization to:

- France only, in the case of a trial conducted in France only, or in France and one or more non-EU countries. In this case, the evaluation of the dossier is carried out solely by the ANSM and the CPP (*Comité de protection des personnes*) designated by lot;
- several member states, in which case the assessment of Part I of the dossier is carried out under a coordinated procedure. In this context, the sponsor must submit a single authorization application via the portal associated with the EU database (Clinical Trial Information System - CTIS), comprising a common scientific part assessed jointly by all the EU Member States in which the trial will be carried out (with one of the Member States concerned acting as rapporteur Member State) and a national part covering the ethical aspects of the trial, assessed independently by each Member State.

In France, the scientific review (Part I) is the responsibility of the ANSM, and the ethical review (Part II) of the CPP.

The conclusion of the rapporteur Member State with regard to Part I of the assessment report is deemed to be the conclusion of all Member States concerned. However, the Member States concerned may disagree with this conclusion for a number of limited reasons, for example where they consider that participation in the clinical trial would lead to a subject receiving treatment inferior to that of normal clinical practice on their territory. The Member State concerned may then refuse the clinical trial on its territory.

A "single" decision covering the conclusions of the Part I assessment and those of Part II is issued by each of the Member States concerned and notified to the sponsor on the dedicated European portal. The sponsor of a clinical trial conducted in France, and possibly in other Member States or third countries, notifies the Eudravigilance database without delay and no later than the deadlines set by Regulation No. EU 536/2014, of all relevant information on suspected serious unexpected adverse reactions (SUSARs) resulting from clinical trials. If the competent bodies concerned consider that the adverse effects outweigh the benefits for participants, they may require immediate suspension or early termination of the trial at any time.

For investigational medicinal products other than placebos, the sponsor submits to CTIS, once a year for the duration of the clinical trial, an Annual Safety Report (ASR) for each investigational medicinal product used in the clinical trial.

Protecting clinical trial subjects

Under French law, in accordance with article L. 1121-2 of the CSP, research involving the human body may only be undertaken if: (i) it is based on the latest state of scientific knowledge and on sufficient preclinical experimentation, (ii) the foreseeable risk incurred by the subjects is out of proportion to the expected benefit for these persons or the interest of this research, (iii) it is intended to extend scientific knowledge of human beings and the means likely to improve their condition and (iv) it has been designed to minimize pain, discomfort, fear and any other foreseeable inconvenience associated with the disease or

the research, taking particular account of the degree of maturity of minors and the capacity for understanding of adults unable to express their consent. Research can only begin if all these conditions are met.

In accordance with article L. 1121-3 of the CSP, research involving the human body may only be undertaken if it is carried out under the following conditions: (a) under the direction and supervision of a physician with appropriate experience, and (b) in material and technical conditions appropriate to the research and compatible with the requirements of scientific rigor and the safety of the persons undergoing the research.

Two documents must be provided to research subjects prior to the trial. Firstly, the research subject must receive a patient information sheet, which must include a description of the research objective, methodology and period, as well as a description of alternative treatments; the number of subjects expected to participate in the study; the expected benefits, constraints and foreseeable risks resulting from the administration of the products undergoing clinical trials; and the favorable opinion of the ethics committee and the authorization of the ANSM, as well as information on the processing of personal data. The information provided is summarized in a written document given to the patient before any products are administered by the investigator or a physician (article L. 1122-1 CSP). Patients must then confirm their agreement to participate in the clinical study by signing an informed consent form (article L. 1122-1-1 CSP). For each study, patient information must include the right to refuse to participate and to withdraw consent at any time and by any means without further consequence or prejudice. A clinical trial on a minor may only be undertaken if the informed consent of the parents or legal representative has been obtained. In addition, clinical trials on adults under guardianship require the informed consent of the adult's legal representative.

Developer's liability and insurance obligation

Under article L. 1121-10 of the CSP, the sponsor must pay compensation for the harmful consequences of research involving the human person for the person who undergoes the research and his or her beneficiaries, unless he or she can prove that the damage is not attributable to his or her fault or to the fault of any other party involved, without being able to invoke the act of a third party or the voluntary withdrawal of the person who initially agreed to undergo the research.

Under the same article L. 1121-10 of the CSP, the sponsor must take out insurance covering its civil liability and that of any person involved in the research, for any damage resulting from the trial, for a minimum period of 10 years from the end of the trial. In addition to the above, any violation of the provisions governing clinical trials may give rise to significant administrative, penal and/or reputational sanctions.

Under French law, the State is responsible for compensating for the damage resulting from a medical accident occurring during a clinical trial in the absence of fault, i.e. in the event of a medical accident without fault. In this respect, the National Office for Medical Accidents provides compensation on the basis of national solidarity.

Post-marketing requirements

Any pharmaceutical product distributed in France will be subject to pervasive and ongoing regulation by the ANSM, including, among other things, record-keeping requirements, reporting of adverse experiences with the product, provision of up-to-date information on safety and efficacy, distribution requirements, and compliance with promotional and advertising requirements.

French law strictly regulates the labeling, advertising, promotion and other types of information about products that are placed on the market, and imposes requirements and restrictions on drug manufacturers, such as those relating to direct-to-consumer advertising, the prohibition on promoting products for uses or in patient populations not described in the product's approved labeling (known as "off-label use"), and industry-sponsored scientific and educational activities. Failure to comply with applicable regulatory requirements may result in restrictions on product marketing or withdrawal of the product from the market, as well as possible administrative or criminal sanctions.

Declarations of financial interests

Transparency requirements: The CSP contains certain provisions relating to the transparency of fees and compensation received by certain healthcare professionals from industries, i.e. companies manufacturing or marketing healthcare products, resulting from law no. 2011-2012 of December 29, 2011, amended by law no. 2016-41 of January 26, 2016, and the corresponding implementing decrees. As a result of these provisions (article L. 1453-1 and D. 1453-1 et seq. CSP), companies manufacturing or marketing healthcare products (drugs, medical devices, etc.) in France make public (on a specific public website available at the following address: https://www.entreprises-transparence.sante.gouv.fr) the benefits and fees paid to healthcare professionals in amounts equal to or greater than 10 euros, as well as the agreements entered into with them, with detailed information on each agreement (the precise purpose of the agreement, the date the agreement was signed, its end date, the total amount paid to the healthcare professional, etc.). These rules apply to manufacturers of healthcare products, regardless of the stage of development of their products, and irrespective of their nationality and/or the location of their head office. In the event of non-compliance with any or all of these rules, in addition to a significant risk to their reputation, the companies and healthcare professionals concerned may be subject to substantial criminal penalties.

Requirements relating to the "anti-gift" law: The CSP also contains "anti-gift" provisions which lay down a general prohibition on persons providing healthcare services, producing or marketing healthcare products from offering or promising advantages, in cash or in kind, directly or indirectly, notably to healthcare professionals practicing in France, to students training for these professions or to associations of such persons, including learned societies and national professional councils, with limited exceptions, and strictly defines the conditions under which such payments or advantages may legally be granted. These rules apply to manufacturers of healthcare products, whatever the stage of development of their products, and irrespective of their nationality and/or place of registered office. The provisions deriving from Law no. 2011-2012 were amended by Ordinance no. 2017-49 of January 19, 2017, ratified by Law 2019-774 of July 24, 2019, which notably extended their application to a wider range of legal entities and individuals - including influencers on social media, clarified the scope of transactions excluded from the ban and those permitted under certain conditions, and provided for a new authorization process. The changes to the "anti-gift" rules were intended to come into force on a date to be set by decree or, at the latest, on July 1er 2018. In the absence of implementing texts to date, the new provisions (articles L. 1453-3 to L. 1453-14 CSP) came into force on July 1er 2018. A decree of August 7, 2020 sets the amounts for which the benefit, depending on the service provided, is considered negligible and does not require declaratory action. A second decree of August 7, 2020 defines the amounts above which the agreement is subject to an authorization regime, with amounts less than or equal to these amounts requiring a simple declaration. The decree also sets out the timetable for declarations to the competent authority. In the event of non-compliance with all or part of these rules, in addition to a significant risk to their reputation, the companies and healthcare professionals concerned may be subject to substantial criminal penalties.

Status of French pharmaceutical establishments

The Company has the status of pharmaceutical manufacturing establishment, authorizing it to manufacture the product candidates it develops. To obtain an operating (distribution) or manufacturing pharmaceutical establishment license, an application file must be submitted to the ANSM, which varies according to the type of application. The ANSM grants this authorization after checking that the laboratory has adequate premises, the necessary staff and satisfactory procedures for carrying out the planned pharmaceutical activities.

Data confidentiality

The collection and use of personal health data in the European Economic Area (EEA) is governed by the General Data Protection Regulation ((EU) 2016/679), or RGPD, which came into force on May 25, 2018. The RGPD applies to any company established in the EEA and to companies established outside the EEA that process personal data in the context of offering goods or services to data subjects in the EU or monitoring the behavior of data subjects in the EU. The GDPR strengthens data protection obligations for data controllers and processors of personal data, including strict requirements regarding the legal basis for processing, such as the consent of data subjects, expanded information on how personal data is used, the obligation to carry out privacy impact assessments for processing operations posing a high risk to the rights and freedoms of data subjects, a principle of limiting the retention period of personal data, data breach notification requirements data protection by design, and creates direct obligations for service providers acting as data processors. The RGPD also imposes strict rules on the transfer of personal data outside the EEA to countries that do not guarantee an adequate level of protection, such as the United States. Failure to comply with the requirements of the RGPD and the national data protection laws of EEA countries can result in fines of up to €20 million or 4% of a company's global annual sales for the previous financial year, whichever is higher. In addition, the GDPR grants data subjects the right to claim compensation for damages resulting from a breach of the GDPR.

Following the UK's withdrawal and the expiry of the transition period, since January 31, 2020, businesses operating in the EU and the UK have been required to comply with both the GDPR and the UK GDPR. On June 28, 2021, the European Commission adopted an adequacy decision allowing personal data flows between the EU and the UK to continue without additional requirements. However, the UK adequacy decision will automatically expire in June 2025, unless the European Commission reassesses and renews/ extends it, and it remains under review by the European Commission during this period. The relationship between the UK and the EU with regard to certain aspects of data protection legislation remains unclear, and the Company does not know how UK data protection laws and regulations will evolve in the medium to long term, or how data transfers to and from the UK will be regulated in the long term.

Finally, the processing of personal health data may also be subject to additional regulations in EU member states, such as France's *Loi Informatique et Libertés* no. 78-17 of January 6, 1978, which requires certain health data to be declared as compliant with the standards adopted by the French data protection authority (CNIL).

1.14.4 ISSUES RELATING TO PRODUCT REIMBURSEMENT

Significant uncertainties exist as to the coverage and reimbursement status of product candidates that receive marketing authorization. Product sales will depend, in part, on the extent to which, once approved, they are covered and reimbursed by third-party payers such as government health programs, commercial insurance, social security funds and managed care organizations. These third-party payers are increasingly reducing reimbursement rates for drugs and medical services. The process of determining whether a third-

party payer will provide coverage for a drug is generally independent of the process of determining its price or establishing the reimbursement rate a third-party payer will pay for it once coverage has been approved. Third-party payers may limit coverage to specific drugs, included on an approved list, also known as a "formulary", which may not include all drugs approved for a given indication.

In order to secure coverage and reimbursement for any product candidates that may be approved for marketing, the Company may need to conduct costly pharmaco-economic studies to demonstrate the medical need and cost-effectiveness of the product candidate, in addition to the costs required to obtain the necessary regulatory approvals. Whether or not the Company conducts such studies, its product candidates may not be considered medically necessary or cost-effective. A third-party payer's decision to cover a drug does not mean that an adequate reimbursement rate will be approved. Furthermore, a third-party payer's determination to cover a product does not guarantee that other third-party payers will make the same decision and reimburse the drug adequately. Third-party payers may not be sufficient to enable the Company to maintain prices high enough to ensure a satisfactory return on investment in product development.

Controlling healthcare costs has become a priority for state and federal governments, which have focused their efforts on drug prices. The U.S. government, state legislatures and governments in other countries have shown great interest in implementing cost-containment programs, including price controls, reimbursement restrictions, utilization management and generic substitution requirements. The adoption of price controls and cost containment measures, as well as the adoption of more restrictive policies in jurisdictions where controls and measures already exist, could limit the Company's net revenues and results. A decrease in third-party reimbursement for product candidates, or a decision by a third-party payer not to cover them, could reduce physicians' use of this product, and could have a material adverse effect on the Company's sales, operating income and financial condition.

For example, the ACA (Patient Protection and Affordable Care Act) has already had, and is expected to have, a major impact on the healthcare industry. It extends coverage to the uninsured, while capping overall healthcare spending. With regard to pharmaceuticals, among other things, the ACA extends and increases industry discounts for drugs covered by Medicaid programs, and it modifies coverage requirements under the Medicare Part D program. Certain aspects of the ACA have been the subject of legal and congressional challenges. For example, since January 2017, former U.S. President Donald Trump had signed several Executive Orders and other texts aimed at delaying the implementation of certain provisions of the ACA or circumventing some of the health insurance requirements imposed by the ACA. At the same time, Congress considered legislation repealing, or repealing and replacing, the ACA in whole or in part. Although Congress did not pass comprehensive repeal legislation, several bills affecting the implementation of certain levies under the ACA were enacted. The tax bill included a provision that repealed, effective January 1er 2019, the tax-based "shared responsibility payment" imposed by the ACA on certain individuals who fail to maintain eligible health coverage for all or part of a year, which is commonly referred to as the "individual mandate." The 2020 federal spending plan permanently eliminated, effective January 1er 2020, the "Cadillac" tax imposed by the ACA on high-cost employer-provided health coverage and the medical device tax and, effective January 1er 2021, also eliminates the tax on health insurers. In addition, the Bipartisan Budget Act of 2018 (or BBA), among other things, amended the ACA, effective January 1er , 2019, to increase from 50% to 70% the rebate provided by pharmaceutical manufacturers participating in the Medicare Part D program and by closing the coverage gap existing in most medical device plans, commonly known as the "donut hole". For example, on June 17, 2021, the U.S. Supreme Court rejected a challenge on procedural grounds that argued the ACA was unconstitutional in its entirety because the "individual mandate" had been repealed by Congress. In addition, a number of health reform initiatives taken by the Biden administration have had an impact on the ACA. On August 16, 2022, President Biden signed into law the Inflation Reduction

Act of 2022 (IRA), which, among other things, extends enhanced subsidies for those purchasing health insurance coverage in the ACA marketplaces through 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program starting in 2025 by significantly reducing the maximum beneficiary out-of-pocket cost and creating a new rebate program for manufacturers. It remains unclear, however, what impact these challenges and the Biden administration's healthcare reform measures will have on the ACA.

In addition, other legislative changes have been proposed and passed in the U.S. since the ACA was enacted. For example, on August 2, 2011, the Budget Control Act of 2011, in particular, created congressional spending reduction measures. Specifically, the Joint Select Committee on Deficit Reduction was created to recommend spending reduction proposals to Congress. The Joint Select Committee on Deficit Reduction failed to meet a deficit reduction target of at least $1.2 trillion for the years 2012 to 2021, triggering automatic statutory cuts to several government programs. This includes across-the-board reductions in Medicare payments to providers of up to 2% per fiscal year, which began in April 2013 and, due to subsequent legislative amendments, will remain in effect until 2031, unless Congress takes further action. Under current legislation, the actual reduction in Medicare payments will range from 1% in 2022 to 4% in the last fiscal year of this sequester. On March 11, 2021, President Biden signed the American Recovery Plan Act of 2021, which eliminates the statutory cap on Medicaid drug rebates, currently set at 100% of a drug's average manufacturer's price, for single-source and innovative multiple-source drugs, effective January 1er 2024. In addition, on January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and extended the statute of limitations for the government to recoup overpayments to providers from three to five years.

Recently, the way in which drug manufacturers set prices for their products has come under increased scrutiny from the US government. This oversight has resulted in several Congressional inquiries and the proposal and enactment of federal and state legislation aimed, among other things, at bringing greater transparency to drug pricing, examining the links between pricing and manufacturers' patient programs, reducing the cost of drugs covered by Medicare, and reforming reimbursement methods for government drug programs. At the federal level, the Trump administration has used several means to propose implementing drug pricing reform, including federal budget proposals, executive orders and policy initiatives. For example, in July 2021, the Biden administration issued an executive order entitled "Promoting Competition in the American Economy", which contains numerous provisions relating to prescription drugs. In response to President Biden's executive order, on September 9, 2021, the Department of Health and Human Services (HHS) released a Comprehensive Plan to Combat High Drug Prices, which defines the principles of drug pricing reform and outlines a series of potential legislative policies that Congress could implement to advance these principles. In addition, the IRA, among other things, (1) directs HHS to negotiate the price of certain single-source drugs and biologics covered by Medicare and (2) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that exceed inflation. These provisions took effect gradually from fiscal year 2023, although they may be subject to legal challenges. It is not yet clear how the IRA will be implemented, but it is likely to have a significant impact on the pharmaceutical industry. In addition, on October 14, 2022, the Biden administration issued another executive order directing HHS to report on how the Center for Medicare and Medicaid Innovation can be further leveraged to test new models for reducing drug costs for Medicare and Medicaid beneficiaries. How these developments might affect covered hospitals that might purchase the Company's future products, and affect the rates it might charge these facilities for its approved products in the future, is uncertain, if at all. At the state level, legislators are increasingly passing laws and implementing regulations designed to control the pricing of pharmaceutical and biological products, including price or patient reimbursement constraints, rebates, restrictions on access to

certain products and measures to disclose and make transparent the costs of marketing and, in some cases, measures designed to encourage imports from other countries and quantity purchases.

The Company expects new federal healthcare reform measures to be enacted in the future, which could limit the amounts that federal and state governments will pay for healthcare products and services, which could significantly reduce the expected value of certain development projects and reduce its profitability.

Furthermore, in some countries, the proposed price of a drug must be approved before it can be legally marketed. The requirements governing drug pricing vary considerably from country to country. For example, the European Union offers various options enabling its member states to restrict the range of medicines reimbursed by their national health insurance systems, and to control the prices of medicines for human use. A member state may approve a specific price for the drug, or adopt a system of direct or indirect controls on the profitability of the laboratory marketing the drug. In France, for example, effective market access is based on agreements with hospitals and reimbursement of products by the social security system. Drug prices are negotiated with the *Comité économique des produits de santé* (CEPS). There is no guarantee that any country which has implemented price controls or reimbursement ceilings for the Company's drugs will allow favorable pricing and reimbursement arrangements for any of its product candidates.

Historically, products launched in the European Union have not followed US pricing structures, and prices generally tend to be significantly lower. In the EU, some countries may require additional studies that compare the cost-effectiveness of a particular medicinal product candidate with currently available therapies. This Health Technology Assessment (HTA) process, which is currently governed by the national laws of each EU member state, is the procedure by which the public health impact, therapeutic impact and economic and societal impact of the use of a given medicinal product in each country's national healthcare systems is assessed. The outcome of the HTA for specific medicines will often influence the pricing and reimbursement status granted to these medicines by the competent authorities of each EU member state. On January 31, 2018, the European Commission adopted a proposal for a regulation on health technology assessment. The proposed regulation aims to stimulate cooperation between EU Member States in the assessment of health technologies, including new medicines, and to provide the basis for cooperation at EU level for joint clinical evaluations in these areas. In December 2021, the ETS Regulation was adopted and came into force on January 11, 2022. It will apply from 2025.

Other healthcare laws and compliance requirements

The Company's activities in the United States and its agreements with clinical investigators, healthcare providers, consultants, third-party payers and patients may expose it to widely applicable federal and state fraud and abuse laws and other healthcare laws. These laws may affect, among other things, research, sales proposals, marketing actions and educational programs around its MA product candidates. Laws that may affect the Company's ability to conduct its operations include, but are not limited to:

- *the Anti-Kickback Statute* in the United States, which prohibits persons from knowingly and willingly soliciting, receiving, offering or paying any remuneration (including any bribe, kickback or discount), directly or indirectly, in cash or in kind, to induce, reward or in return for the referral of any person, or the purchase, rental, order or referral of any item, good, facility or service reimbursable under any federal health care program, such as the Medicare and Medicaid programs;

- federal civil and criminal false claims statutes and civil monetary penalty statutes, which impose penalties and trigger civil whistleblower actions against individuals and organizations for, among other things, knowingly making or causing to be made claims for payment from Medicare, Medicaid or other third-party payers that are false or fraudulent, or making a false statement or registration for

payment of a false claim, or avoiding, diminishing or concealing an obligation to pay money to the federal government, including providing inaccurate billing or coding information to customers or promoting an unauthorized drug ;

- *the Health Insurance Portability and Accountability Act* (HIPAA), which created new federal civil and criminal laws prohibiting the execution of a plan to defraud any health insurance plan or to knowingly and willingly divert funds from health care programs, knowingly and willingly obstruct a criminal investigation of a health care offense, knowingly and willingly falsify, conceal or cover up a material fact, or make false or fraudulent statements concerning the granting or payment of health care benefits, items or services;

- the Physician Payments Sunshine Act, enacted as part of the ACA, which requires manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions to track and report to CMS annually, remuneration paid and other transfers of value in favor of physicians (defined as doctors, dentists, optometrists, podiatrists and chiropractors), other healthcare professionals (such as physician assistants and nurse practitioners) and teaching hospitals, as well as certain equity interests and investments held by physicians or members of their immediate families;

- HIPAA, as amended by the Health Information Technology and Clinical Health Act (HITECH) and its implementing regulations, which impose certain obligations on covered organizations and their business associates who perform functions or activities involving individually identifiable health information on their behalf, and on their covered subcontractors, with respect to the confidentiality, security and transmission of individually identifiable health information; and

- state or foreign laws equivalent to each of the federal laws and regulations listed above; state anti-corruption and false claims laws, which may apply to items or services reimbursed by any third-party payer, including commercial insurers; state transparency or marketing laws applicable to manufacturers, which may be broader in scope than federal requirements; state or foreign laws requiring biopharmaceutical companies to comply with voluntary biopharmaceutical industry compliance recommendations and relevant compliance recommendations promulgated by the federal government; state laws that require drug manufacturers to disclose information relating to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures or drug pricing; state and local laws that require the registration of pharmaceutical representatives; and state and/or foreign laws that govern the privacy and security of health information in certain circumstances, many of which differ significantly and may not have the same effect as HIPAA, complicating compliance efforts.

The ACA broadened the scope of federal fraud and abuse laws by, among other things, amending the intent requirement of the federal Anti-Kickback Statute and applicable federal health system fraud criminal statutes. In accordance with this legislative amendment, it is now unnecessary for a person or organization to have knowledge of this law or demonstrate specific intent to violate it in order to violate it. In addition, the ACA provides that the government may assert that a statement including items or services obtained as a result of a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act or the Civil Monetary Penalties Act.

Efforts to ensure that the Company's commercial agreements with third parties comply with applicable health care laws will involve considerable expense. It is possible that government authorities may conclude that its business practices may not comply with current or future laws, regulations or case law, including laws relating to fraud and abuse and other health care laws. If it is determined that the Company's activities violate any of these laws, or any other government regulations that may apply to its situation, it could be exposed to significant administrative, civil or criminal penalties, damages, fines, disgorgement of profits, individual incarceration, exclusion from publicly funded health insurance plans, including Medicare and Medicaid or comparable foreign programs, additional reporting and monitoring requirements if the Company is sued for non-compliance with these laws and is bound by a corporate integrity agreement (CIA) or similar agreement, and the restriction or restructuring of its activities. If physicians, other healthcare providers or organizations with whom the Company intends to collaborate are found to be in breach of applicable laws, they could be subject to administrative, civil or criminal sanctions, including exclusion from publicly funded health insurance plans.

CHAPTER 2. RISK FACTORS

Investors are invited to consider all the information contained in the Universal Registration Document, including the risk factors described in this chapter. These risks are, as of the date of the Universal Registration Document, those which the Company believes could have a material adverse effect on the Group, its business, financial condition, results of operations, development or prospects, and which are material to an investment decision.

However, the Company wishes to bring to the attention of investors that, pursuant to Article 16 of Prospectus Regulation n°2017/1129, only the most significant risks are cited and therefore the list of risks presented in this section is not exhaustive, and that other risks, currently unknown or deemed unlikely, at the date of the Universal Registration Document, to have a material adverse effect on the Company, its business, prospects, financial position, results and development, may exist or may arise.

The Company has implemented a system for managing, identifying and mapping risks likely to have an adverse impact on its business, prospects, financial situation, results or development. The risk identification process involves identifying and documenting risks in all the Company's areas of activity.

This policy, which complies with international standards such as COSO, also aims to :

- Recognize risk management as a collective effort;
- Reduce the likelihood of failures and cost overruns by applying effective risk assessment and management in the planning and implementation of activities and projects;
- Reduce the likelihood and potential impact, including the financial cost to the business, of fraud, litigation and complaints;
- Encourage the identification and reporting of actual or potential risk incidents;
- Protect and promote the company's public image and reputation as a professional, responsible and ethical organisation.

Risk mapping is reviewed periodically by the Executive Committee and the Audit Committee. It is also supplemented by a detailed analysis of the causes and consequences should a risk occur, and takes into account the actions and control measures put in place by the Company. This approach provides an insight into the risk environment affecting the Company and should enable it to define, if necessary, the action plan for risk management and the areas of control and internal audit.

The risk mapping exercise has enabled the Company to identify the main risks. The table below shows the main risk factors identified by the Company in four categories according to their nature (strategic risks, operational risks, legal and regulatory risks and financial risks). The assessment takes into account the likelihood of their occurrence and their negative impact on the Company, taking into account the control measures put in place at the date of the Universal Registration Document, based on financial, patient safety and product quality, operational, corporate reputation, legal, health and environmental criteria.

The probability of occurrence is assessed on three levels ("low", "moderate" and "high") and the magnitude of their impact is assessed on four levels ("low", "moderate", "high" and "critical"). Within each of these four categories, the risks have been ranked according to this classification, with the risks with the highest probability of occurrence and the highest negative impact being placed first.

The assessment of this level of importance may be modified at any time, in particular as a result of new developments.

Risk factors	Probability of occurrence *High* *Moderate* *Low*	Level of negative impact *Critical* *High* *Moderate* *Low*
2.1. STRATEGIC RISKS		
2.1.1. Direct or indirect competing solutions could limit the Company's development or render its products obsolete.	Moderate	High
2.1.2. The Company could lose key employees and not be able to attract qualified new recruits	Moderate	High
2.1.3 Risk related to integration and realization of merger synergies	Low	High
2.1.4. The Company may not succeed in concluding a strategic partnership agreement.	Moderate	Moderate
2.2. OPERATIONAL RISKS		
2.2.1. The production of product candidates as part of clinical trials and, in the future, of the Company's drugs may not be completed in sufficient time and/or quantity.	Moderate	Critical
2.2.2. The clinical trials carried out by the Company could be delayed or not be successful (these two hypotheses could result in additional costs).	Moderate	Critical
2.2.3. The commercial success of its products is not guaranteed.	Moderate	Critical
2.2.4 Risk of dependence on subcontractors and key partners.	Moderate	High
2.2.5. The Company does not have any sales, marketing or distribution organization and cannot guarantee that it will be able to sign partnership contracts allowing it to effectively market the products it develops.	Moderate	High
2.3. LEGAL AND REGULATORY RISKS		
2.3.1. Risks related to the regulatory environment		
2.3.1.1. The marketing of the Company's product candidates is subject to obtaining prior authorization from the competent administrative authorities.	*High*	*Critical*
2.3.1.2. Maintaining and bringing the Company into compliance with new regulations could prove to be time-consuming and costly and marketing conditions could become less advantageous.	*Moderate*	*High*
2.3.1.3. Risk linked to the inclusion of biotechnologies in the list of critical technologies subject to the foreign investment control procedure	*High*	*Moderate*
2.3.2. Risks related to intellectual property		
2.3.2.1. The Company cannot guarantee the intellectual property related to the technologies which belong to third parties and which it uses.	*Moderate*	*Critical*
2.3.2.2. Employees, consultants or other third parties may assert ownership rights in inventions that the Company develops and use its confidential information and/or know-how.	*Low*	*Critical*
2.3.2.3. The Company will not seek to protect its intellectual property rights worldwide and it may not be able to enforce these rights in countries where it attempts to protect them.	*Moderate*	*High*
2.3.2.4. The protection offered by patent law or other intellectual property rights is uncertain.	*Moderate*	*Moderate*
2.3.3. The conditions for determining the price and reimbursement rate of the Company’s products could harm the commercial success of the Company.	Moderate	Critical
2.3.4. The Company and/or its subsidiary may be held liable in the event of damage caused by one of its products.	Moderate	High

Risk factors	Probability of occurrence *High* *Moderate* *Low*	Level of negative impact *Critical* *High* *Moderate* *Low*
2.4. FINANCIAL RISKS		
2.4.1. The Group will need to substantially strengthen its equity capital or obtain additional financing in order to continue its business.	High	Critical
2.4.2. The Group has a history of operating losses, which are likely to continue, and the Group may never achieve profitability.	High	High
2.4.3. The Company's shareholders could be diluted.	High	High
2.4.4. Risk of volatility in the Company's shares	High	High
2.4.5. Risk relating to the introduction of financing in the form of convertible notes with share warrants (OCABSA)	High	High
2.4.6. The Company is exposed to euro-dollar exchange rate risk.	Moderate	Moderate
2.4.7. Risks relating to the potential loss of funding under the CIR tax system	Moderate	Moderate

STRATEGIC RISKS

2.1.1. DIRECT OR INDIRECT COMPETING SOLUTIONS COULD LIMIT THE COMPANY'S DEVELOPMENT OR RENDER ITS PRODUCTS OBSOLETE.

The fight against bacterial infections and antibiotic resistance is a priority for world's health authorities, and several approaches, including phage therapy, are the focus of major research. The markets in which the Company operates are well-defined, highly competitive and undergoing rapid change. The products or product candidates developed by the Company could come into competition with products or product candidates currently being developed by large pharmaceutical groups and biotechnology companies with industrial and commercial experience and/or with financial and technological resources that are significantly greater than those of the Company.

Existing competitors (public and private companies and organisations, *see section 1.11 of the Universal Registration Document*) could make significant investments or enter into mergers, partnerships or alliances in order to rapidly identify and develop therapeutic solutions or new components that could render the Company's products obsolete or unprofitable. In addition to developing products that are safer, more effective or less expensive than those developed by the Company, its competitors could manufacture and market their products under better conditions.

If the Company were to market a product when a competing product was already approved, it would have to demonstrate convincing advantages in terms of efficacy, convenience, tolerability, safety and cost (particularly compared with generic products) in order to be successfully marketed.

In addition, as a result of the health authorities' growing awareness of antibiotic-resistant bacteria and the medical profession's growing interest in phage therapy as a therapeutic option, certain biotechnology and pharmaceutical companies that were not initially competitors may eventually decide to develop competing products. These current or potential competitors may have greater resources and experience in research, clinical development, manufacturing and marketing than the Company.

For example, Armata Parmaceutical, a company listed on the New York Stock Exchange (NYSE) with significant resources, is positioned in the same sector as the Company, and two other companies also positioned in phage therapy, Adaptive Phage Therapy and BiomX, have announced their intention to merge in 2024 to form a major competitor in this technology.

Consequently, the Company cannot guarantee that its therapeutic products :

- reach their target markets more rapidly than those of its current and future competitors ;
- be competitive with other products developed or under development which may be safer, more effective or less costly;
- adapt relatively quickly to the emergence and development of new technologies and scientific advances ;
- be accepted by medical centres, doctors or patients as an alternative to existing treatments; and
- be effectively competitive with other products for treating the same indications.

Finally, the Company cannot guarantee that its partners and/or employees will not prefer, in the short, medium or long term, to join or work with competing structures. Such events could have a material adverse effect on the Company's business, results, financial position and development prospects.

2.1.2. THE COMPANY COULD LOSE KEY EMPLOYEES AND NOT BE ABLE TO ATTRACT QUALIFIED NEW RECRUITS

The Company's success depends to a large extent on the actions and efforts of its executive officers and key personnel, in particular the Chairman of the Board Didier Hoch and the Vice-Chairman of the Board Gil Beyen, the Chief Executive Officer Thibaut du Fayet, the Chief Operating Officer and Director of Pharmaceutical Operations Jérôme Bailly, the Chief Financial Officer and Director of Operations Eric Soyer, Technical Director Céline Breda, Medical Director Pascal Birman, Commercial Affairs Director Karine Charton, Regulatory Director Frédérique Vieville, Scientific Director Cindy Fèvre and Human Resources Director Anne-Cécile Fumey, whose services are essential to the successful implementation of the acquisition, development and regulatory strategies for the Company's product candidates.

In addition, although the Company has implemented a management remuneration policy that includes performance-based variable remuneration and dilutive instrument plans for the Company's key employees (*see risk factor 2.4.3 and section 3.1.2 of the Universal Registration Document*), the Company cannot guarantee that this policy will prove sufficient to retain these key employees. Finally, because of its competitive environment, the Company cannot guarantee its ability to recruit and retain qualified staff on economically acceptable terms. The recruitment and retention of its staff could excessively mobilise the Company's internal resources to the detriment of the management of its operational business and could therefore have a material adverse effect on the Company's business, financial situation, results and development. The Company's directors may also be required to withdraw in the event of a conflict of interest that reduces their intellectual independence and objectivity.

In the fourth quarter of 2022, the Company implemented a job protection plan (PSE) in France, which resulted in around 25% of employees being dismissed for economic reasons, compared with the start of the year. In addition, during the 2023 financial year, a new PSE was implemented following the refusal by some employees of the ex-Pherecydes entity located in Nantes and Romainville to relocate to Lyon. The reduction in the workforce could disrupt the Company's activities and could have unforeseen consequences, such as increased difficulties in its day-to-day operations and a drop in employee morale. In addition, employees who have not been affected by the downsizing could seek alternative employment with other companies, which could require the Company to use subcontractors and incur unforeseen

additional expenses or adversely affect the Company's productivity. This reduction in the workforce could also prevent the Company from attracting and retaining qualified management, scientific and/or clinical staff, which could adversely affect the development of potential product candidates or support existing activities.

2.1.3. RISK RELATED TO INTEGRATION AND REALIZATION OF MERGER SYNERGIES

The merger of the Company and Pherecydes took place on 23 June 2023, with the aim of creating a global player in phage therapy and accelerating the development of a portfolio of drug candidates targeting bacterial pathogens and other potential indications with significant unmet medical needs.

The cooperation and integration process, currently underway since the recent merger-absorption, is key to ensuring the success of the operation. The Company is likely to be unable to benefit from all or part of the advantages expected from the merger. The realisation of the benefits expected from the merger is subject to a number of uncertainties, and depends in particular on the Company's ability to integrate Pherecydes' activities effectively and rapidly.

Operational integration and the realisation of synergies are not automatic, and the Company cannot guarantee that the specific organisation and tools deployed for this purpose will enable it to identify best practices or combine the value and performance of the Company (formerly Erytech Pharma) and Pherecydes.

The group so formed may not have, or may not have sufficiently, assessed, developed and worked on the compatibility of the organisations, the degree of transformation they can support and the management of this process. If the expected benefits are not fully achieved, this could lead to an increase in costs, a reduction in the Company's results and a diversion of management's time and energy, which could then have a significant impact on the Company's business, cash flows, financial position or results.

In addition, it could be difficult to reconcile the strategic vision of the new entity with operational requirements. In particular, the merger has led to the relocation of Pherecydes' activities from Nantes to the Company's premises in Lyon, which could delay the pursuit and development of the Company's activities or lead to the departure of certain key employees.

In addition, the realisation of synergies could be complicated by the intervention of a third party. On 2 June 2023, Akkadian initiated emergency proceedings before the President of the Lyon Commercial Court, which led to the appointment of a legal expert to give an opinion on the merger parity retained by the parties (*see section 5.5 Legal proceedings of the Universal Registration Document*). At the same time, on 19 June, 27 June and 28 July 2023, the Company received three writs of summons before the Lyon Commercial Court at the request of Akkadian, seeking in particular to invalidate the general meeting held on 23 June 2023 to approve the completion of the merger. The proceedings initiated by the summonses of 19 June, 27 June and 28 July 2023 have all been joined. Although the Company remains confident about the outcome of these legal proceedings, it cannot guarantee their outcome. If the Lyon Commercial Court were to declare the deliberations null and void, this could lead to the merger being declared null and void, which would have a significant impact on the Company.

The occurrence of one or more of these risks could restrict or delay the expected benefits of the merger and have a material adverse effect on the Company's business, results, financial position and prospects.

2.1.4. THE COMPANY MAY NOT SUCCEED IN CONCLUDING A STRATEGIC PARTNERSHIP AGREEMENT

As part of its strategy, the Company may be led to make selective acquisitions of complementary technologies, companies and/or businesses that will give it access to new medicines, new research projects, new geographical areas or offer synergies with its existing businesses. The success of this strategy would depend, in part, on the Company's ability to select relevant new products or areas of development at an early stage, identify attractive targets, complete these acquisitions on satisfactory terms and integrate them successfully into its operations or technology, while achieving the expected cost savings or synergies. The Company could encounter various difficulties in the development, production and marketing of its new products resulting from a strategic alliance or an acquisition, which could lead to delays or prevent the Company from achieving the expected profits or strengthening its business. The Company cannot guarantee that an acquisition will produce the expected synergies justifying the acquisition.

Furthermore, if such acquisitions take place in the future, the Company may not be able to identify suitable target products or companies or to complete such acquisitions on satisfactory terms, particularly in terms of price. Indeed, the Company may not be able to conclude partnerships on economically reasonable terms, which could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

The Company's external growth will also depend on its ability to identify, develop and conclude new partnerships in order to acquire, develop and market new therapeutic products over time. To identify new product candidates, the Company may need substantial additional technical, human and financial resources, as partnerships are complex to set up and require significant resources and time to negotiate, conclude and implement.

Any difficulties encountered by the Company in integrating other companies, activities or technologies or in developing new product candidates, and more generally in implementing its external growth policy, could have a material adverse effect on the Company's business, prospects, financial position, results and development.

2.2. OPERATIONAL RISKS

2.2.1 THE PRODUCTION OF PRODUCT CANDIDATES IN CLINICAL TRIALS AND, IN THE FUTURE, OF THE COMPANY'S DRUGS MAY NOT BE COMPLETED IN SUFFICIENT TIME AND/OR QUANTITY

As part of clinical trials, the Company's partners produce according to the Good Manufacturing Practices (cGMP) applicable to clinical trial medicines and in compliance with the specifications approved by the regulatory authorities (EMA and FDA). Only products meeting these standards are released for administration to patients in clinical trials. If a product is found not to comply with these standards, due in particular to a material problem in production (contamination, logistical error, etc.), the Company will be obliged to have it produced again, on pain of criminal or financial penalties, or the suspension of clinical trials, which could lead to additional costs and could prevent the product from being delivered to patients on time.

In addition, the production capacity of the Company's partners may prove insufficient to support future clinical trials and commercial development in Europe and the United States.

It is also possible that the subcontractors through which the Company obtains its drugs will be unable to deliver them on time and meet all or part of its production needs.

In addition, investing in its own production capacity could generate significant financing requirements or necessitate entering into new subcontracting agreements to outsource a greater proportion of production. However, there is no guarantee that these contracts will be concluded or that they will be concluded on favourable commercial terms for the Company.

Such events could have a material adverse effect on the Company's business, prospects, results, financial situation, reputation and development.

2.2.2 THE CLINICAL TRIALS CARRIED OUT BY THE COMPANY COULD BE DELAYED OR MAY NOT BE SUCCESSFUL (THESE TWO HYPOTHESES COULD RESULT IN ADDITIONAL COSTS

The Company is conducting a number of preclinical and clinical programmes aimed at developing and marketing new treatments for a number of bacterial diseases that are particularly widespread and prone to antibiotic resistance: *Staphylococcus aureus, Pseudomonas aeruginosa* and *Escherichia coli.*

The aim of these preclinical and clinical studies is to demonstrate the safety and efficacy of a product candidate in order to obtain the regulatory approvals needed to bring it to market. These studies are expensive. The trend in these costs could increase as the Company develops and the number of product candidates it develops increases.

If the results of these studies are not satisfactory or conclusive, the Company may have to choose between abandoning the programme, resulting in the loss of the corresponding investment in time and money, or continuing it, with no guarantee that the additional expenditure incurred will be successful.

Research and development costs incurred by the Company amounted to €45,100k, €19,907k and €10,910k respectively during the 2021, 2022 and 2023 financial years.

A number of factors are likely to have a significant adverse effect on the progress of the Company's clinical trials:

- Bacteriophage therapy, although widely used in Eastern Europe, remains an innovative approach in the West, where the main therapeutic option is antibiotic therapy, so the Company cannot guarantee that it will be able to meet the requirements set by the regulatory authorities or recruit a sufficient number of patients to carry out clinical trials enabling it to demonstrate the efficacy and safety of its bacteriophage candidates;
- the recruitment of patients into trials may be affected by a number of factors, including: the size of the patient population and the procedure for identifying them, the eligibility and exclusion criteria for clinical trials, the perceived risks and benefits of the Company's product candidates, the severity of the disease being studied, the proximity and accessibility of clinical trial sites, the ability to obtain and maintain patient consent, the discontinuation of patients before the end of the clinical trial, patients' medical practices, and the ability to monitor patients adequately during and after treatment. In addition, in foreign countries, particularly in the United States where the Company operates, many other factors come into play, such as the difficulty of establishing and managing relationships with Contract Research Organizations or "CROs" and doctors, the different standards for conducting clinical trials, the inability to find qualified local consultants, doctors and partners, and the possibility of having to comply with several foreign laws, medical standards and regulatory requirements (such as the regulation of pharmaceutical and biotechnology products and treatment). If there are difficulties in recruiting patients for trials, this

could delay the start of the study, lengthen its duration, limit its scope due to the low number of patients, or prevent the Company from completing a clinical trial.

- patients enrolled in the trial may discontinue their participation at any time, without having to justify their decision; if too many patients withdraw, the study may be terminated for lack of feasibility;
- difficulties in the supply of raw materials affecting the production of clinical batches could delay or interrupt an ongoing or planned clinical trial;
- Negative results in Phase 1 could lead to abandonment of the trial programme; and in later phases, safety and tolerability problems or harmful side-effects could emerge and delay or interrupt the trials;
- Patients could be exposed to unforeseen and serious risks or to clinical failure (loss of chance). Deaths and other adverse events could occur during a clinical trial as a result of medical problems, which may or may not be related to the treatment being tested, and require the Company to delay or terminate the trial; and
- the outcome of clinical trials is unpredictable and carries a significant risk of failure. No guarantee can be given as to the positive results of preclinical and clinical studies. Favourable results in preclinical studies and preliminary clinical trials are not always confirmed in subsequent clinical trials. Clinical trial results may differ depending on recruitment criteria and combinations with other treatments. Should the Company's clinical trials fail to demonstrate a satisfactory safety profile and sufficient efficacy to the EMA, FDA and/or other health authorities, the Company may have to invest additional time and funds to complete their development, and may even fail to complete the development or ensure the commercialization of these product candidates.

Many pharmaceutical companies, including those with significant resources and experience, have experienced major failures in Phase 3 clinical trials and at other stages of clinical development, despite having obtained promising results in earlier clinical trials. Positive results in a clinical trial and/or the granting of marketing authorization for a product in a given indication may not be sufficient to obtain marketing authorization for that indication, and do not prejudge efficacy, safety of use or the granting of marketing authorization for another indication, even if the latter may be related or linked by a scientific rationale. Preclinical and clinical data are often subject to different interpretations and analyses, and many companies who thought their product candidates had achieved satisfactory results in preclinical and clinical studies have nevertheless failed to obtain FDA or EMA approval.

These various factors could delay or halt the Company's preclinical and clinical trials, which would have a material adverse effect on the Company's business, financial situation, results or development.

2.2.3 THE COMMERCIAL SUCCESS OF ITS PRODUCTS IS NOT GUARANTEED.

To date, no product developed by the Company has obtained Marketing Authorization (MA). Even if the Company succeeds in obtaining marketing authorization for its product candidates, a number of factors could slow down or suspend its development efforts, including its competitive positioning, restrictions on use by health authorities, the development by third parties of other equally or more innovative products, claims relating to third-party intellectual property rights, etc. (*see sections 2.1 "Strategic risks" and 2.3 "Legal and regulatory risks" of the Universal Registration Document*).

The degree of market acceptance of each of the Company's products will depend on a number of factors, including :

- prescribers' perception of the product's therapeutic benefit and its market price, particularly in relation to alternative treatments (*see sections 2.1.3 and 2.3.3 of the Universal Registration Document*) ;
- demonstrating the product's efficacy and safety, particularly to the medical community;
- the possible occurrence of adverse effects once marketing authorization has been obtained (*see section 2.3.4 of the Universal Registration Document*);
- the ease with which the product can be integrated into the current care process, and in particular its mode of administration;
- government reimbursement policies and the commercial policies of third-party payers (*see section 2.3.3 of the Universal Registration Document*);
- the effective implementation of a scientific publication strategy; or
- the support of opinion leaders.

More generally, the commercial potential of product candidates and trends in the pharmaceutical industry could be poorly assessed by the Company.

These factors could limit or hinder market acceptance of the Company's products, which would have a material adverse effect on the Company's business, financial situation, results or development.

2.2.4 RISKS OF DEPENDENCE ON SUBCONTRACTORS AND KEY PARTNERS

As part of the development of its product candidates, the Company uses subcontractors for :

- manufacturing of product candidates (CMO / CDMO);
- the management of its clinical trials with specialized companies (CROs);
- carry out certain research and development studies; and
- transportation of its products.

As a result, development activities and clinical trials depend on the Company's subcontractors, and may be delayed, suspended or terminated if the Company is forced to replace a subcontractor, if the subcontractor does not devote sufficient time or effort to the Company's activities, or if the subcontractor fails to meet its contractual and regulatory obligations, or to meet expected deadlines. Furthermore, the quality or accuracy of data obtained by subcontractors could be challenged, for example in the event of non-compliance with clinical protocols or regulatory requirements.

In general, the Company is not in a position to control the performance of third parties in the conduct of their development activities. Furthermore, the contracts entered into by the Company with its subcontractors and/or key suppliers usually contain clauses limiting liability in their favor, which means that the Company will not be able to obtain full compensation for any losses it may incur in the event of default.

In order to reduce its dependence on these companies, the Company provides, whenever possible in its contracts, for a long period of notice before any termination or stoppage of activity, duplicates its subcontractors as part of its purchasing policy, and monitors them through audits managed by the Company's Quality department. In addition, the Company's subcontractors are generally subject to precise specifications, although this does not guarantee compliance with the Company's directives.

Should products supplied or manufactured by third-party companies fail to comply with regulatory standards, the Company may be subject to sanctions such as fines, injunctions, refusal by regulatory

authorities to allow the Company to continue its clinical trials, delays, suspension or withdrawal of authorizations, seizure or recall of its products, and criminal prosecution. Should the Company be obliged to change key suppliers or subcontractors for its services, it would be required to demonstrate that the change has no impact on the quality of the products manufactured. This verification could be costly and time-consuming (studies, approval by regulatory authorities, etc.), and could require the attention of the most qualified personnel.

In addition, the Company relies, and intends to continue to rely, on collaborations and partnerships, notably with public and private research institutes through research program funding agreements or industrial development agreements, to carry out a significant proportion of its discovery activities (*see section 1.9 of the Universal Registration Document*).

These agreements make the payment of royalties or public funding conditional on the achievement of commercial, industrial, proof-of-concept or other objectives. Should any of these collaborations fail to comply with or terminate its contract with the Company, or otherwise cease to work effectively with the Company, the research, development or commercialization of products envisaged under the collaboration could be delayed or terminated, and this would have a material adverse effect on its business, financial condition, results or development.

In addition, in the event of the failure, bankruptcy or shutdown of its partners, or of disagreements with them, the Company may not be able to conclude new contracts on commercially acceptable terms, and its activities could be delayed or even penalized.

2.2.5 THE COMPANY DOES NOT HAVE ANY SALES, MARKETING OR DISTRIBUTION ORGANIZATION AND CANNOT GUARANTEE THAT IT WILL BE ABLE TO SIGN PARTNERSHIP CONTRACTS ALLOWING IT TO EFFECTIVELY MARKET THE PRODUCTS IT DEVELOPS.

To date, the Company has not invested in sales, marketing or distribution. For the commercialization of its products, the Company does not have sufficient marketing and sales capabilities, and now favors the search for commercialization partnerships. The Company's development and ability to generate revenues may therefore depend on its ability to sign partnerships to market its products on satisfactory terms.

Entering into a marketing partnership involves a number of risks:

- the contract: the risk of not concluding agreements on economically reasonable terms (for example, the Company could be required to continue the development of a drug candidate without the consideration received by the Company under the partnership agreement being sufficient to cover its costs), or the risk of the partnership being called into question; or
- to the partner: risks relating to the Company's intellectual property rights being challenged, to the partner obtaining regulatory approvals, to the partner encountering difficulties or not deploying all the resources necessary for the commercial success of the Company's products, or to conflicts arising between the Company and certain of its partners. In particular, the Company cannot guarantee that none of its partners will conceive or seek to implement a commercial activity using products competing with those of the Company.

Any failure, delay or default on the part of the partner in commercializing the Company's products would have an adverse effect on the revenues that the Company could earn from the partnership.

If the Company is unable to find industrial partners in order to obtain financing and benefit from expertise and commercial structures already in place, the marketing of its products will be difficult or

compromised, despite eventual approval. It will therefore need to incur additional expenses, mobilize management resources, recruit specific personnel, call on new skills and take the time required to set up the appropriate organization and structure to support product development in line with current legislation and, more generally, optimize its marketing efforts. There is no guarantee that the Company will be able to establish or maintain relationships with third parties to market its products. Such events could have a material adverse effect on the Company's business, prospects, results, financial situation and development.

2.3 LEGAL AND REGULATORY RISKS

2.3.1. RISKS RELATED TO THE REGULATORY ENVIRONMENT

2.3.1.1 THE MARKETING OF THE COMPANY'S PRODUCT CANDIDATES IS SUBJECT TO OBTAINING PRIOR AUTHORIZATION FROM THE COMPETENT ADMINISTRATIVE AUTHORITIES

To date, none of the Company's products has received marketing authorisation from any administrative authority (for more information on the regulatory approval process, *see section 1.14 of the Universal Registration Document*). The Company cannot be certain that it will receive the necessary authorisations to market any of its products. The Company and its products are subject to numerous stringent laws and regulations, which are subject to change, and to controls by the relevant administrative authorities, in particular the ANSM in France, the FDA in the United States and the EMA in Europe. Any failure to comply with applicable laws and regulations and with good manufacturing practice may result in sanctions, including fines, court orders, civil penalties, refusal of marketing authorisations, delays, suspensions or withdrawals of authorisations, seizure or recall of products, restrictions on use and criminal prosecution.

Marketing authorisation is obtained by demonstrating that the use of its products is safe for humans and effective through long and multiple clinical trials that are costly and of uncertain outcome. If the Company were unable to meet its development timetable, or if it were unable to complete clinical trials for its products within the planned timeframe, its business, financial position, results and development could be materially adversely affected. The Company's ability to obtain marketing authorisation for its products will depend on a number of factors, including :

- the possibility of continuing the development of its products in preclinical development;
- the fact that, alone or with potential partners, it manages to complete clinical trials on schedule, with the resources and under the conditions initially planned;
- the fact that the Company's trials demonstrate the safety and efficacy of its products, as well as a positive benefit/risk ratio for patients;
- more promising clinical results than those of its competitors;
- positive clinical trial results that comply with applicable regulatory criteria;
- the results of clinical trials conducted in another country or on other product candidates can be used by the Company in dealings with the competent authority in one territory;
- the Company is not obliged to carry out additional clinical trials requested by regulatory authorities;
- the Company's competitors are not announcing clinical trial results that would result in changes to the evaluation criteria used by the relevant regulatory authorities;

- the Company's ability to obtain clinical trial authorisations in the territories concerned within the timeframes set out in the development plan; and
- the Company's ability to respond to questions from the competent authorities during the marketing authorisation process, and in particular to do so in a timely manner.

This process is complex, and the Company cannot guarantee that it will obtain marketing authorisation for a product candidate. In addition, if the Company's products already approved prove to be unsafe or produce different effects over time from those initially expected, the regulatory authorities could force the Company to withdraw them from the market, which could limit or make it impossible to market them.

To obtain authorisation to market its products in a given territory, the Company must demonstrate that they meet the quality, safety and efficacy criteria defined by the competent authorities in the targeted indications.

If the Company does not obtain marketing authorisation for a product in a given territory, it will not be able to sell the product in question for the targeted indication in the territory concerned, which could have a negative influence on the authority responsible for issuing marketing authorisations in another key territory, and could therefore have a material adverse effect on its business, financial position, results or development.

2.3.1.2 MAINTAINING AND BRINGING THE COMPANY INTO COMPLIANCE WITH NEW REGULATIONS COULD PROVE TO BE TIME-CONSUMING AND COSTLY AND MARKETING CONDITIONS COULD BECOME LESS ADVANTAGEOUS.

In the course of its business, the Company must comply with complex regulations in France and abroad, which are subject to change. On one hand, the Company must comply with regulations relating to the environment, health and safety, particularly as regards laboratory procedures, decontamination activities and the handling, transport, use, storage, sanitation, treatment and disposal of hazardous materials and waste.

In addition, the Company must comply with regulations relating to the collection of human samples, in particular obtaining, in certain cases, the consent of the patient, the confidentiality of the patient's identity and the issue of certain regulatory authorisations. However, if the Company were to fail to meet its obligations, or if the regulations in question were to be amended, it could be obliged to incur significant costs in order to comply with future legislation and regulations, and its research and development activities could be adversely affected.

The Company in charge of manufacturing or subcontracting products must also demonstrate that it meets the quality and safety criteria defined by the competent authorities in order to maintain the status of "Pharmaceutical Manufacturing Establishment". If the Company did not maintain this status, it would not be able to manufacture its products in the territory concerned.

In addition, as it becomes increasingly difficult to obtain marketing authorisations, government authorities are seeking to facilitate the entry of generic medicines into the market for products already on the market through new regulations aimed at modifying patent law and data exclusivity rules in key markets.

With regard to fiscal and social legislation, certain public authorities could introduce or increase taxes on the activities of companies exploiting medicinal products, in order to make up the deficit of certain national systems of mutualisation and coverage of the cost of medicinal products. New regulations could increase the cost of obtaining and maintaining marketing authorisations for products or limit the economic value of a new product for its inventor, which could reduce the growth prospects of the pharmaceutical industry and of the Company.

If the Company or its key suppliers fail to comply with such regulations or changes in the regulatory framework, it could be subject to sanctions. In addition, marketed products are subject to regular reassessment of their benefit/risk ratio after they have been granted marketing authorisation. The late discovery of problems not detected at the research stage may lead to marketing restrictions, suspension or withdrawal of the product, and an increased risk of litigation.

The occurrence of one or more of these risks could have a material adverse effect on the Company, its reputation, business, prospects, financial situation, results or development.

2.3.1.3 RISK LINKED TO THE INCLUSION OF BIOTECHNOLOGIES IN THE LIST OF CRITICAL TECHNOLOGIES SUBJECT TO THE FOREIGN INVESTMENT CONTROL PROCEDURE

Following the implementation of Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019, establishing a framework for the screening of foreign direct investment in the Union, the list of business sectors subject to control by the French authorities has been extended to cover foreign investments in additional economic sectors. Prior authorisation from the Minister for Economic Affairs is required for investments made in (i) activities participating in France, even on an occasional basis, in the exercise of public authority (ii) activities likely to undermine public order, public security or national defence interests, as well as (iii) activities relating to research, production or trade in arms, munitions, powder and explosive substances.

A foreign investment subject to authorisation is (i) the acquisition of control, within the meaning of article L. 233-3 of the French Commercial Code, of an entity governed by French law or of an establishment registered in France 233-3 of the French Commercial Code, of an entity incorporated under French law or of an establishment registered in France, (ii) to acquire all or part of a branch of activity of an entity incorporated under French law, (iii) to cross, directly or indirectly, alone or in concert, (iii) cross, directly or indirectly, alone or in concert, the threshold of 25% of the voting rights of an entity incorporated under French law, (iv) cross, directly or indirectly, alone or in concert, the threshold of 10% of the voting rights of a company incorporated under French law whose shares are admitted to trading on a regulated market.

The French government has adapted the procedure for controlling foreign investment in France in the context of the COVID-19 epidemic in two ways: (i) by including biotechnologies in the list of so-called critical technologies in a decree dated 27 April 2020, and (ii) by adding, in a decree dated 22 July 2020 as amended by decree no. 2020-1729 dated 28 December 2020, the threshold of holding 10% of the voting rights in a company incorporated under French law whose shares are admitted to trading on a regulated market as a trigger for the control procedure. Decree 2023-1293 of 28 December 2023 made permanent the lowering of the threshold for controlling foreign investments to 10% of the voting rights in companies listed on a regulated market from 1 January 2024.

If an investment in the Company requiring prior authorisation is made without such authorisation having been granted, the Minister may order the investor, subject to a penalty, to (i) file an application for authorisation, (ii) restore the previous situation or (iii) modify the investment. In addition, if the Minister considers that the conditions of the authorisation have not been complied with, the Minister may also withdraw the authorisation or order the investor to comply with the conditions under a penalty payment order. In both cases, the Minister may also take precautionary measures. In addition, any investor who carries out a transaction without prior authorisation or who fails to comply with injunctions or precautionary measures issued by the French Minister for the Economy will be liable to a financial penalty of a maximum amount set at the highest of the following sums: (i) twice the amount of the unauthorised investment, (ii) 10% of the net sales of the target company, (iii) five million euros for legal entities and (iv) one million euros for individuals.

The inclusion of biotechnology in the list of sectors subject to the foreign investment control procedure could discourage foreign investment in the Company's securities, thereby limiting access to foreign sources of financing. If interested investors do not or cannot obtain such authorisation, their investment could be cancelled and subject to additional costs and/or financial penalties.

2.3.2. RISKS RELATED TO INTELLECTUAL PROPERTY

2.3.2.1 THE COMPANY CANNOT GUARANTEE THE INTELLECTUAL PROPERTY RELATED TO THE TECHNOLOGIES WHICH BELONG TO THIRD PARTIES AND WHICH IT USES

The Company has entered into contracts with researchers working for public and/or private entities (*see section 1.9 of The Universal Registration Document*). The contracts entered into with these entities contain clauses relating to intellectual property rights and confidentiality undertakings which may not provide the protection sought or may not be respected by the Company's co-contractors.

The Company is also dependent on the commercial terms of any licences granted to it for the results of experiments covered by such contracts. It cannot guarantee that the entities with which it contracts have all the rights to exploit the technologies and that they will therefore be able to grant the Company licences for such rights.

When the Company obtains a patent licence from a third party (*see section 1.10 of the Universal Registration Document*), the Company undertakes to comply with certain conditions in order to maintain its rights over the patent, such as carrying out development work to transform the patent into a commercial product, paying royalties on the achievement of predefined milestones and paying annual royalties based on the sales generated by the patent.

Any default by the Company may result in a loss of rights or exclusivity over the patent. If the Company were to lose its rights to this licensed patent, or if it were unable to obtain similar new rights on reasonable terms, this could constitute an obstacle to the development, manufacture or sale of its products.

2.3.2.2 EMPLOYEES, CONSULTANTS OR OTHER THIRD PARTIES MAY ASSERT OWNERSHIP RIGHTS IN INVENTIONS THAT THE COMPANY DEVELOPS AND USE ITS CONFIDENTIAL INFORMATION AND/OR KNOW-HOW

The Company's intellectual property could be claimed in the future by employees or third-party partners as a result of an invention discovered in the course of an assignment carried out by the Company. The Company has entered into agreements with its employees and third-party partners providing for the attribution or negotiation of intellectual property rights to the Company in the event that the Company's employees or third-party partners produce inventions in the course of their work or in the event of joint inventions. However, it is possible that in certain cases the clauses or conditions set out in these contracts may be disputed or make it impossible to identify which of the Company or the third-party collaborator/ partner is the owner of the invention.

If the Company were unable to successfully negotiate ownership of the intellectual property rights over these inventions, or if disputes arose over these intellectual property rights, the Company's ability to exploit these inventions would be limited. The Company also relies on its technology, manufacturing processes, know-how and non-patented confidential data, which it protects by means of confidentiality undertakings signed by its employees, consultants, certain of its subcontractors and any co-contracting third parties, particularly in the context of these collaboration agreements. The Company's own unpatented and/or unpatentable technologies, processes, know-how and data are considered to be trade

secrets which it seeks to protect. However, the Company cannot guarantee that these undertakings will always be respected, that the Company will have recourse in the event of a breach of such undertakings or that the said confidential information will not be disclosed to third parties or developed independently by competitors.

Furthermore, although the Company tries to ensure that its employees and consultants, who may have worked for competing or potentially competing companies, do not use the information or know-how of these previous companies or institutions, and although no legal action is currently pending against the Company, the latter could be subject to claims or legal action by a former employer or a third party, on the grounds that the Company, or its employees, consultants or self-employed workers have used or disclosed intellectual property rights, in particular industrial secrets belonging to them, and could then have to defend themselves in court. Disputes relating to the ownership of intellectual property rights developed by the Company could hinder the Company's ability to take advantage of their commercial value. If it were found liable, the Company could, in addition to paying damages, lose valuable intellectual property rights or key personnel. Even if the Company were not liable, such litigation could result in substantial costs to the Company and could divert management and other employees from their duties. These two situations could have a material adverse effect on the Company, its business, its financial situation, its results or its capacity and development.

2.3.2.3 THE COMPANY WILL NOT SEEK TO PROTECT ITS INTELLECTUAL PROPERTY RIGHTS WORLDWIDE AND IT MAY NOT BE ABLE TO ENFORCE THESE RIGHTS IN COUNTRIES WHERE IT ATTEMPTS TO PROTECT THEM

Filing, prosecuting and defending patents associated with the Company's product candidates in countries and jurisdictions around the world would be extremely expensive and its intellectual property rights in certain territories other than the European Union and the United States may be less extensive than in France. In addition, the laws of some foreign countries do not protect intellectual property rights in the same way as French law, European Union law, federal law and state law in the United States. Many companies have also encountered serious problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, are not conducive to the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceutical products or biotechnologies. As a result, the Company may not be able to prevent third parties from using its inventions in territories other than the United States or the European Union or from selling or importing products made from its inventions in Europe and the United States or in other jurisdictions. In addition, some countries restrict the applicability of patents to third parties, in particular government agencies or government sponsors. In these countries, patents may have limited or no benefit.

Patent protection must therefore be considered on a country-by-country basis, which is an expensive and time-consuming process with uncertain results. The Company may not seek patent protection in certain countries, and will therefore not be able to benefit from patent protection in those countries.

Legal proceedings brought to enforce the Company's patent rights in foreign jurisdictions may be unsuccessful or result in insignificant damages, involve significant expense and divert its efforts and attention from other aspects of its business, result in the invalidity or strict interpretation of its patents, prevent its patent applications from succeeding and cause third parties to bring claims against it. As a result, the Company's efforts to enforce its intellectual property rights worldwide may prove ill-suited to obtaining significant commercial advantage from the intellectual property it develops or licenses.

The occurrence of one of these situations concerning one of the Company's patents or intellectual property rights could have a significant negative impact on the Company's business, financial situation, results or development.

2.3.2.4 THE PROTECTION OFFERED BY PATENT LAW OR OTHER INTELLECTUAL PROPERTY RIGHTS IS UNCERTAIN

The Company's success depends on its ability to obtain, maintain and protect its patents and other intellectual property rights. If one or more trademarks or patents covering a technology, manufacturing process or product were to be invalidated or deemed unenforceable, the development and commercialization of such technology or product could be directly affected or interrupted.

In the pharmaceutical sector in which the Company operates, patent law varies from country to country and is constantly evolving. As a result, there is a great deal of legal uncertainty in this area. Consequently, the Company cannot guarantee the issuance, validity or scope of any patents it files, nor can it guarantee that such patents will not be challenged or circumvented by third parties, or that such patents will not infringe any third-party intellectual property rights.

Patent applications in Europe and the USA are generally not published until 18 months after the priority date shown on the application. In the USA, some applications are not published until a patent has been granted. Furthermore, in the United States, the right to a patent belongs to the first inventor to file. The Company therefore cannot guarantee that third parties will not be considered as the first inventor to file an invention covered by its U.S. patents and pending U.S. patent applications. If such is the case, the Company may have to enter into licensing agreements with third parties (subject to such licenses themselves being available), modify some of its activities or manufacturing processes, or develop or acquire different technologies.

Intellectual property litigation is often long, costly and complex. Some of the Company's competitors have greater resources and may be in a better position to conduct such proceedings. An unfavorable court ruling could seriously affect the Company's ability to continue as a going concern, and, more specifically, could force the Company to stop selling or using certain of its products; to acquire the right to use intellectual property rights on onerous terms; or to change the design, delay the launch or even abandon certain of its products.

The Company faces similar risks in respect of its trademarks. The occurrence of any of these situations concerning one of the Company's patents or intellectual property rights could have a material adverse effect on the Company's business, financial situation, results or development.

2.3.3. THE CONDITIONS FOR DETERMINING THE PRICE AND REIMBURSEMENT RATE OF THE COMPANY'S PRODUCTS COULD HARM THE COMMERCIAL SUCCESS OF THE COMPANY

The Company's commercial success will depend, in part, on the level of reimbursement of its products by public health bodies, private insurers, integrated healthcare management organisations and other bodies. In the current context of healthcare cost containment, pressure on selling prices and reimbursement levels is intensifying, due in particular to the price controls introduced in many countries, the increasing delisting of certain products as part of budgetary policies, and the increasing difficulty of obtaining and maintaining a satisfactory reimbursement rate for medicines.

Therefore, there is no guarantee as to the rate and terms of reimbursement that will be applied to the Company's products. If the reimbursement rate is not sufficient, the Company's products may not be accepted by the market. Conversely, low prices, resulting for example from legislative or regulatory

measures aimed at controlling or reducing healthcare expenditure or reforming healthcare programmes, would affect the Company's ability to generate sales in line with the potential of its products, as currently estimated by the Company.

2.3.4. THE COMPANY AND/OR ITS SUBSIDIARY MAY BE HELD LIABLE IN THE EVENT OF DAMAGE CAUSED BY ONE OF ITS PRODUCTS

Although the Company complies with the requirements of Good Manufacturing Practice and Good Clinical Practice, it cannot exclude liability claims relating to possible adverse effects of its products, or to the proper or improper use of its products in feasibility studies, clinical trials, or the sale, promotion or use of related future products.

Patients, regulatory authorities, pharmaceutical companies, partners, licensees, subcontractors or other third parties using or selling the Company's products may file complaints or take legal action against the Company and/or its subsidiary. The Company cannot guarantee that its current insurance policies will be sufficient to protect the Company and/or its subsidiary against such claims (*see section 2.5 of the Universal Registration Document*). If the Company and/or its subsidiary, its subcontractors or other partners were to face such issues, this could significantly affect the development and, at a later stage, the marketing of the Company's products, and could have a material adverse effect on the Company's business, financial condition, results of operations, reputation or development.

2.4 FINANCIAL RISKS

2.4.1 THE GROUP WILL NEED TO SUBSTANTIALLY STRENGTHEN ITS EQUITY CAPITAL OR OBTAIN ADDITIONAL FINANCING IN ORDER TO CONTINUE ITS BUSINESS

The Group has been structurally loss-making since its creation. The net cash flows used by the Group's operating activities are €56.8 million in 2021, €31.8 million in 2022 and €24.4 million in 2023 (see section 5.2.2.1 of the Universal Registration Document for more information). Cash and cash equivalents amounted to €10.5 million at 31 December 2023, compared with €38.8 million at 31 December 2022, representing a net reduction in cash of €(28.3) million.

At the date of the Board of Directors' meeting which approved the consolidated financial statements, taking into account the additional cost-saving measures and the arrangements put in place to preserve cash, the Company estimates that its current cash position will enable it to finance its current programmes and planned operating expenses until the beginning of September 2024, taking into account the following items in particular:

- Cash and cash equivalents held by the Company totalling €10.5 million at 31 December 2023, consisting mainly of liquid assets and term deposits that can be drawn down immediately without penalty,
- Cash consumption forecasts for the 12 months following the balance sheet date.

As a result, the Company's current cash and cash equivalents are not expected to be sufficient to cover its operating requirements for at least the next 12 months.

As a result of these events and conditions, there is significant uncertainty about the Company's ability to continue as a going concern beyond its cash horizon. As a result, it may not be able to realise its assets and discharge its liabilities in the normal course of business.

The Company is currently evaluating various sources of financing, including the issue of equity instruments and/or new debt or partnership agreements to continue financing the Company's operations beyond its liquidity horizon.

In particular, PHAXIAM is pursuing discussions aimed at financing the Company during the first half of 2024 in order to continue its business.

The Company's ability to raise short-term financing will depend on financial and economic conditions and the willingness of investors or lenders to provide financing, and the Company may be unable to raise short-term financing on favourable terms or at all, particularly in light of the generally unfavourable environment for the financing of companies in the biotechnology sector. In addition, the high volatility of the financial markets has had, and may continue to have, a negative impact on the price of its ordinary shares, and could have a negative impact on its ability to raise additional funds. The fact that the Company may not be able to continue as a going concern may hinder its ability to take advantage of potential strategic opportunities or to carry on its business. If the Company is unable to raise capital when necessary or on favourable terms, it could be forced to delay, reduce or eliminate its research and development programmes or any future commercialisation efforts, or cease all activities, and its shareholders could lose all or part of their investment in the Company.

Financing by strengthening shareholders' equity

Historically, the Group has financed its growth by increasing its equity through capital increases and issues of notes convertible into shares (including the OCABSA Contract). The linked capital increases carried out up to the date of the Universal Registration Document, including in particular the IPO on Euronext Paris in May 2013 and the IPO on Nasdaq in November 2017, have enabled the Group to strengthen its equity. The Group received a total gross amount of €353.3 million from these successive financing rounds (s*ee section 5.1 of the Universal Registration Document*).

If the Company were to raise new capital by issuing new shares, its shareholders' interests could be diluted. Debt financing, to the extent that it is available, could also include restrictive conditions for the Company and its shareholders and require the pledging of key assets. In addition, financing in the form of financial debt would worsen the Company's financial structure. Lastly, the Company may have to grant licences for its technologies to partners or third parties, or enter into new collaboration agreements on terms less favourable to it than those it could have obtained in a different context.

In addition, the search for additional financing could divert management from its current activities, which could limit its ability to develop and market its product candidates.

The occurrence of one or more of these risks could have a material adverse effect on the Company, its business, financial situation, results, development and prospects.

Use of public financing

The Group has also used public funding. In particular, since its creation up to the date of the Universal Registration Document, the Company has received 2.4 million euros in non-refundable grants and 5.0 million euros in conditional advances under the collaboration agreement with Bpifrance on the Tedac project. Insufficient results from the clinical studies carried out as part of the Tedac project, and more generally from the GRASPA product derived from the ERYCAPS platform, have led to a total halt in the industrial and commercial exploitation of the Tedac project.

Pherecydes (merged with PHAXIAM in June 2023) has received a repayable advance of one million euros from Bpifrance for the Phagoslin program, of which 0.3 million euros remains to be repaid, and a grant of 0.2 million euros and a repayable advance of 0.1 million euros for the Phagogram program.

2.4.2 THE GROUP HAS A HISTORY OF OPERATING LOSSES WHICH ARE LIKELY TO CONTINUE AND THE GROUP MAY NEVER ACHIEVE PROFITABILITY

At the date of the Universal Registration Document, none of the Company's products had generated any revenues. The Group has recorded book losses since it began operations in 2004. The net loss was 53.8 million euros at December 31, 2021, 0.2 million euros at December 31, 2022 and 23.5 million euros at December 31, 2023. These losses, which mainly result from investments in research and development costs for preclinical studies and clinical trials, as well as the overheads associated with these operations, have had a negative impact on shareholders' equity and net assets. The Group expects operating losses to continue until its product candidates are approved and generate sufficient revenues. Consolidated shareholders' equity under IFRS stood at €25.6 million at December 31, 2023, compared with €23.5 million at December 31, 2022.

The Group has dedicated the majority of its financial resources to research and development, through clinical and preclinical development activities. The amount of the Group's future losses will depend, in part, on the pace and amount of future expenditure, and on its ability to raise funds through equity or debt financing, strategic collaborations or tax credits until its products, if any, generate substantial revenues. The Group has not yet received marketing approval for any of its product candidates. Even if regulatory approval is obtained to market a product candidate, the Group's future revenues will depend on the size of the markets in which its product candidates are approved, and on its ability to obtain favorable market acceptance, reimbursement by third-party payers and sufficient market share.

2.4.3 THE COMPANY'S SHAREHOLDERS COULD BE DILUTED

As part of its policy of incentivizing its managers, employees and directors, the Group has issued and allocated stock warrants, stock options and shares with warrants (ABSA) (*see section 4.6.6.2 of the 2023 Universal Registration Documen*t).

At the date of this Universal Registration Document, a shareholder holding 1% of the Company's share capital would hold 0.9% of the share capital if all the dilutive instruments granted and not yet exercised were exercised, and if shares were potentially issued in connection with the OCABSA contract and the ABSAs, on the basis of a share price of €2.97 (closing share price on the day before the date of the Universal Registration Document). This estimate takes into account the maximum number of shares that could be issued in the event of exercise of the outstanding warrants, it being specified that this estimate, which exceeds the regulatory threshold of 20%, would require additional authorizations.

As part of its policy of incentivizing its managers, directors and employees, and in order to attract additional capital, the Company may make additional allocations or issues of shares or other financial instruments giving access to capital, which could result in additional, potentially significant, dilution for the Company's current and future shareholders.

2.4.4 RISK OF VOLATILITY IN THE COMPANY'S SHARES

The share prices of biotechnology and biopharmaceutical companies are particularly volatile, and this situation may persist.

The Company's share price is likely to be significantly affected by events such as unfavorable changes in market conditions specific to the Group's sector of activity, announcements by the Group, its competitors or other companies with similar activities and/or concerning the biotech market relating in particular to their performance or results, shareholding and governance, changes in their forecasts or prospects from one period to the next, developments concerning their patents or intellectual property rights, or changes in the international political, economic and monetary context.

For example, when the Company announced in September 2023 that it had completed its reverse stock-split, its share price fell by 33% compared with the average of the previous 20 prices. A significant decline in the Company's share price could have a material adverse effect on its financial condition, reputation and prospects.

In addition, stock markets are subject to wide fluctuations which are not always in line with the results and prospects of the companies whose shares are traded on them, and which could significantly affect the market price of the Company's shares.

2.4.5 RISK RELATING TO THE INTRODUCTION OF FINANCING IN THE FORM OF CONVERTIBLE NOTES WITH SHARE WARRANTS (OCABSA)

Under the OCABSA Agreement (*as this term is defined in section 4.6.6.1 of the Universal Registration Document*) set up in 2020, the Company has issued 5,072,591 new shares as of the date of the Universal Registration Document. The possibility for the Company to issue additional tranches expired on June 25, 2022 (see section 4.6.6.1 of the Universal Registration Document).

In order to finance its business activities, the Company may need to resort to this type of financing program again. In such an event, the Company would be likely to experience the following adverse effects:

- the rapid and systematic sale of the new shares resulting from the conversion of the OCAs and the exercise of the warrants by the investor is likely to have an unfavorable impact on the Company's share price;
- the total amount of OCA and BSA subscriptions may depend on certain regulatory approvals, making the amount of financing uncertain;
- to the extent that the Company's share price affects the number of shares resulting from the conversion of the OCAs and the exercise of the BSAs, the number of shares resulting from the conversion of the OCAs and the exercise of the BSAs is uncertain and could fluctuate significantly over the life of the financing program; and
- the conversion into ordinary shares of all or part of the OCAs and the exercise of all or part of the BSAs would have a potentially significant dilutive effect on the Company's shareholders.

2.4.6 THE COMPANY IS EXPOSED TO EURO-DOLLAR EXCHANGE RATE RISK

The Company uses the euro as its reference currency for its information and financial communication activities. However, a significant proportion of its assets are denominated in US dollars and exposed to exchange rate fluctuations.

To date, the Company has not opted for active hedging techniques, and has not used derivative financial instruments for this purpose. By way of example, a deterioration in the US dollar against the euro could impact the Company's cash and cash equivalents at December 31, 2023 by -63 K€, -301 K€ and -575 K€ in the event of variations of +1%, +5% and +10%.

The Company could also face greater exposure to foreign exchange risk with the development of its clinical studies in the United States, and in the event of commercialization in this market.
Unfavorable exchange rate fluctuations between the euro and the dollar, which are difficult to predict, could affect the Company's financial situation.

2.4.7 RISKS RELATED TO THE POTENTIAL LOSS OF FUNDING GIVEN THE CIR TAX SYSTEM

The Company benefits from public funding available to all innovative companies, in particular the research tax credit ("CIR"). Research expenses eligible for the CIR include salaries and wages, consumables, services subcontracted to approved research organizations (public or private), and intellectual property costs. Only research projects (and associated expenses) meeting the eligibility criteria for the research tax credit as defined in article 244 quater B of the French General Tax Code (CGI) are eligible for the CIR scheme. The CIR amounted to 3.7 million euros in 2021, 1.5 million euros in 2022 and 1.6 million euros in 2023.

It cannot be excluded, however, that the tax authorities may call into question the methods used by the Company to calculate research and development expenditure, or that the CIR may be called into question by a change in regulations or by a challenge from the tax authorities. As the CIR accounts for the major part of the Company's operating revenues (5% of revenues in the year ending December 31, 2022 and over 90% in the years ending December 31, 2021 and December 31, 2023), such a situation could compromise and/or slow down the Company's development.

2.5 INSURANCE, COVER AND RISK MANAGEMENT

The Company has implemented a policy of covering the main insurable risks with amounts of cover that it considers compatible with its cash consumption requirements and its activities.

Expenses incurred by the Company in respect of all its insurance policies amounted to €2.0 million in the year ended 31 December 2023, €2.9 million in the year ended 31 December 2022 and €2.7 million in the year ended 31 December 2021.

Given the absence of revenues, the Company has not yet taken out insurance policies to cover the risk of operating losses.

The Company cannot guarantee that it will always be able to maintain, and if necessary obtain, similar insurance cover at an acceptable cost, which could lead it, particularly as it develops, to accept more expensive insurance policies and assume a higher level of risk. In addition, the occurrence of one or more major claims, even if they are covered by these insurance policies, could seriously affect the Company's business and its financial situation, given the interruption to its activities that could result from such a claim, the delays in reimbursement by the insurance companies if the limits set in the policies are exceeded, and the increase in premiums that would ensue.

The occurrence of one or more of these risks could have a material adverse effect on the Company's business, prospects, financial situation, results or development.

In view of the voluntary withdrawal of its American Depository Shares from the Nasdaq Stock Market announced in February 2024, the Company anticipates that the amount of insurance premiums for its directors and officers will be gradually reduced.

The Company has also set up a risk management system that includes risk analysis (identification, analysis and treatment of risks) for production activities, physical security, information systems, assets and the Company's reputation (*see also section 5.4 of the Universal Registration Document*).

CHAPTER 3. CORPORATE GOVERNANCE

3.1 REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

This report on corporate governance was adopted by the Board of Directors at its meeting of 20 March 2024.

3.1.1. CORPORATE GOVERNANCE

3.1.1.1. IMPLEMENTATION OF THE MIDDLENEXT CODE BY THE COMPANY

At its meeting on 6 May 2013, the Board of Directors decided to adopt a set of internal regulations which specify that the Company complies with the Middlenext Code as its corporate governance code. The Middlenext Code can be consulted at the following website: http://www.middlenext.com/.

Recommendations of the Middlenext Code	Adopted	Will be adopted
The "surveillance" power		
R1: Ethics of Board members	x	
R2: Conflict of interest	x	
R3: Composition of the Board - Presence of independent members on the Board	x	
R4: Information for board members	x	
R5: Training for board members		x[(1)]
R6: Organisation of Board and committee meetings	x	
R7: Committee meetings	x	
R8: Creation of a specialised committee on corporate social responsibility and environment (CSR)	x	
R9: Establishment of internal rules for the Board	x	
R10: Choice of each administrator	x	
R11: Term of office of Board members	x	
R12: Directors' remuneration	x	
R13: Implementation of an evaluation of the Board's work	x	
R14: Relations with shareholders	x	
The executive power		
R15: Diversity and equity policy within the company	x	
R16: Definition and transparency of executive directors' remuneration	x	
R17: Preparation for management succession	x	
R18: Combination of employment contract and corporate office	x	
R19: Severance pay	x	
R20: Supplementary pension schemes	x	
R21: Stock options and free share grants	x	
R22: Review of key points	x	

(1) The training plan for Board members will be implemented in 2024.

3.1.1.2. BOARD OF DIRECTORS AND MANAGEMENT

3.1.1.2.1. MODE OF GOVERNANCE

On 21 June 2019, the Board of Directors decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer.

3.1.1.2.2. COMPOSITION OF GENERAL MANAGEMENT AND BOARD OF DIRECTORS

3.1.1.2.2.1 COMPOSITION OF GENERAL MANAGEMENT

The Company's Chief Executive Officer is Mr Thibaut du Fayet. No restrictions have been attached to Mr Thibaut du Fayet's powers as Chief Executive Officer.

At the date of the Universal Registration Document, the Company had two Deputy Chief Executive Officers:

- Eric Soyer, Chief Financial Officer and Chief Operating Officer, and
- Jérôme Bailly, Qualified Person and Director of Pharmaceutical Operations.

At its meeting on 6 May 2013, the Board of Directors specified that Jérôme Bailly's responsibilities were set in accordance with Article R. 5124-36 of the French Public Health Code. At its meeting on 6 January 2019, the Board of Directors specified the responsibilities of Eric Soyer, which, within the limits of the matrix of delegations of authority in force within the Company, relate to Business Development, Clinical Development, Regulatory and Medical Affairs, Production/Supply Chain and Commercial Strategy. The biographies of the Managing Officers are presented below in section 3.1.1.2.3. Together, they form the Company's Executive Management.

3.1.1.2.2.2 COMPOSITION OF THE BOARD OF DIRECTORS

In March 2024, Martine George and Eric Leire resigned as directors with effect from 11 March 2024 and 6 March 2024 respectively.

Composition of the Board of Directors at the date of the Universal Registration Document

As at the date of the Universal Registration Document, the directors of the Company are as follows:

Surname, first name, nationality, position, age, address	1st appointment	Expiry of mandate	Independent Adm [1]	Audit Committee	Clinical Strategy Committee	Remuneration and Nomination Committee	Directors' experience
Didier Hoch French Chairman of the Board of Directors 68 years old 60, av. Rockefeller 69008 Lyon	Appointment by the Board of Directors 15 May 2023 ratified by the General Meeting of 23 June 2023	Ordinary General Meeting to be held in 2026 to approve the financial statements for the year ended 31 December 2025.	No	NA	NA	NA	The experience of the directors is presented in section 3.1.1.2.3 of the Universal Registration Document.
Gil Beyen Belgian Director 62 years old 60, av. Rockefeller 69008 Lyon	General Meeting of 2 April 2013 (having been Chairman of the Supervisory Board since 2012)	Ordinary General Meeting to be held in 2025 to approve the financial statements for the year ended 31 December 2024.	No	Member	NA	NA	
Go Capital Represented by Leila Nicolas French Director 43 ans years old 60, av. Rockefeller 69008 Lyon	Appointment by the Board of Directors 15 May 2023 ratified by the General Meeting of 23 June 2023	Ordinary General Meeting to be held in 2025 to approve the financial statements for the year ended 31 December 2024.	No	Member	NA	Member	
Philippe Archinard French Director 64 years old 60, av. Rockefeller 69008 Lyon	General Meeting of 2 April 2013 (Member of the Supervisory Board since 2005)	Ordinary General Meeting to be held in 2025 to approve the financial statements for the year ended 31 December 2024.	Yes	Member	Member	Member and Chairman	
Hilde Windels BV represented by Hilde Windels Belgian Director 58 years old 60, av. Rockefeller 69008 Lyon	Annual General Meeting of 27 June 2017	Ordinary General Meeting to be held in 2026 to approve the financial statements for the year ended 31 December 2025.	Yes	Member and Chairman	NA	Member	
Robert Sebbag French Director 73 years old 60, av. Rockefeller 69008 Lyon	General Meeting of 23 June 2023	Ordinary General Meeting to be held in 2026 to approve the financial statements for the year ended 31 December 2025.	Yes	NA	Member	NA	
Guy Rigaud French Observer 77 years old 60, av. Rockefeller 69008 Lyon	Board meeting of 23 June 2023	Ordinary General Meeting to be held in 2025 to approve the financial statements for the year ended 31 December 2024.	No	NA	NA	NA	

(1) Independent member within the meaning of the Middlenext Corporate Governance Code (see section 3.1.1.2.5.1 of the Universal Registration Document).

In the last five years, none of these persons has been convicted of fraud; has been involved as an officer or director in a bankruptcy, receivership or liquidation; has been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of an issuer, and has been disqualified from managing the company ; and has not been the subject of any official public incrimination or sanctions handed down by statutory or regulatory authorities, including designated professional bodies; has no family ties with a corporate officer or with another member of the Company's Board of Directors.

Composition of the Board of Directors with regard to the principle of balanced representation of women and men on the Board

At the date of the Universal Registration Document, the Company's Board of Directors comprised four men and two women.

3.1.1.2.2.3. OTHER CORPORATE FUNCTIONS

The officers and directors of the Company during the financial year ended 31 December 2023 hold or have held the following offices and/or positions:

Name	Other offices and positions held by Company officers during the year ended 31 December 2023	Other offices and positions held outside the Company over the past five years and now terminated
Didier Hoch	Director Ose Immuno Therapeutics(1) Co-Chairman Charity for the Underground University Foundation Chairman of the Strategic Advisory Board Goliver Therapeutics	Chairman of the Board of Directors and Chief Executive Officer Pherecydes Pharma Chairman of the Supervisory Board Pherecydes Pharma Director Germitec Director DBV Technologies(1) Director, Genticel Advisory Scientific Director Myasterix/Curavac Chairman of Biovision and Big Booster Fondation pour l'université de Lyon
Gil Beyen	Director AXXIS V&C BV Director Novadip SA Director Montis Biosciences BV Chairman ERYTECH Pharma Inc.	Director Waterleau NV
Philippe Archinard	Chief Operating Officer Institut Mérieux Director, Transgene(1) Permanent representative of TSGH on the Board of ABL Inc Director BioMérieux Director Geneuro(1) Chairman of the Supervisory Board Fabentech Director NH Theraguix Chairman BioAster	Chairman and Chief Executive Officer Transgene(1)
Hilde Windels BV (represented by Hilde Windels)	Director and member of the Audit Committee MDx Health NV(1) Director and member of the Audit and Remuneration Committee Celyad NV Director and member of the Nominations and Remuneration Committee GIMV NV Director and member of the Audit Committee Microphyt SA	Director ABLYNX NV Chief Executive Officer and Director Mycartis NV Director BioCartis Group NV Director VIB Chief Executive Officer and Director Antelope Dx BV
Robert Sebbag	Director, Fondation Mérieux Director Action contre la faim Director Provepharm	Director Pherecydes Pharma Member of the Supervisory Board Pherecydes Pharma
Go Capital (represented by Leila Nicolas	Member of the Brightflow Strategy Committee (formerly HTC Assistance) Member of the Kalsiom Strategy Committee Director Acticor Biotech Director, VitaDx Observer on the Tricares Strategy Committee Member of the I-SEP Strategy Committee Member of the Abcely Strategy Committee	Director Pherecydes Pharma Member of the Supervisory Board, Pherecydes Pharma Director, Coave Therapeutics (formerly Horama) Member of the Atlanthera Strategy Committee Member of the Biosency Strategy Committee Director Graftys Member of the Strategic Committee Carlina Member of the Strategic Committee Kemiwatt Member of the Strategic Committee Surfact'Green Director VitamFero Member of the Strategy Committee Celenys
Guy Rigaud (censeur)	Eurekap! representative on the Kalray Supervisory Board Member of the Supervisory Board of Kreaxi SA Member of the Strategy Committee of Glycobar SAS Member of the Strategy Committee of Funcell SAS	Member of the LX Repair Strategy Committee Member of the Board of Directors of Pherecydes
Jérôme Bailly	General Manager of GELFRUIT SARL	
Eric Soyer	Director of Lyonbiopôle	
(1)Company listed on a regulated market		

3.1.1.2.3. EXPERIENCE OF MANAGEMENT AND BOARD MEMBERS

The experience of each of the Company's directors and executive officers is described below.

Thibaut Du Fayet, Chief Executive Officer

Thibaut du Fayet has been Chief Executive Officer of the Company since June 2023, and brings to the Company over 20 years' experience in the pharmaceutical and life sciences industry. After graduating with an MBA from Essec Business School in 1992, he joined Bossard-Gemini as Senior Managing Director for 6 years. From 2000 onwards, he held management positions, firstly at Rhône Poulenc as Strategy Director for 4 years, and then at BioMerieux, where he was Marketing and Strategy Director for another 4 years. In 2008, he joined Transgene, where for 13 years he was Vice President, Partnerships, Alliances and Program Management, as part of the management team.

Eric Soyer, Deputy Chief Executive Officer

Eric Soyer has been CFO and COO since September 2015. In January 2019, he was appointed Chief Operating Officer of the Company. Eric Soyer has over 20 years' experience in executive positions in financial and operational functions in public and private companies, including CFO of EDAP-TMS and CEO of the group's French subsidiary, CFO of a French leader in retirement homes and follow-up care facilities, and CFO and General Counsel of a major French insurance company. He began his career as Financial Controller with the Michelin Group. Eric Soyer holds an Executive M.B.A. from HEC Paris, an M.B.A. from the University of Kansas in the USA and is a graduate of ESC Clermont in France.

Jérôme Bailly, Deputy Chief Executive Officer

Jérôme Bailly has held the position of Qualified Person with the Company since December 2011, Chief Operating Officer since 2017 and Quality Director since November 2020. Prior to his appointment as Quality Director, he held the position of Pharmaceutical Operations Director since 2007. Before joining the Company in 2007, Jérôme Bailly was QA/Production Manager at Skyepharma and Laboratoire Aguettant. Jérôme Bailly holds a Doctorate in Pharmacy and a Chemical Engineering degree in Biopharmaceutical Engineering and Cellular Production from École Polytechnique de Montréal (Canada).

Didier Hoch, Chairman of the Board of Directors

Didier Hoch is a Director of OSE Immunotherapeutics (Euronext: OSE), and was previously a Director of DBV Technologies and Genticel. From 2011 to 2013 he was Chairman of Pevion Biotech, then of the Biovision Forum and of the startup gas pedal "Big Booster" from 2013 to 2018. Didier Hoch was Chairman of Sanofi-Pasteur MSD from 2000 to 2010, a joint venture between Sanofi & Merck dedicated to vaccines. Didier Hoch also held various management positions at Rhône Poulenc Rorer, then Aventis (Vice-President Middle East & Africa). Didier Hoch was also Vice-Chairman and Chairman of the vaccine manufacturers' association "Vaccine Europe" (2002-2010) and Chairman of the LEEM Biotechnology Committee (2006 - 2012).

Gil Beyen, Vice-Chairman of the Board of Directors

Gil Beyen was Chief Executive Officer of the Company from May 2013 to June 2023, and has been Chairman of Erytech Pharma Inc. since 2016. He was Chairman of the Company's Board of Directors from August 2012 to June 2019. Gil Beyen is a director of Novadip SA and Montis Biosciences BV. Between 2000 and 2013, Mr. Beyen was Chief Executive Officer and Managing Director of TiGenix (NYSE Euronext: TIG BB), a company he co-founded. Previously, he was head of the Life Sciences division of Arthur D. Little, an international management consulting firm, in Brussels. Mr. Beyen holds a Master's degree in Bioengineering

from the University of Louvain (Belgium) and an MBA from the University of Chicago (USA).

Philippe Archinard, Director

Philippe Archinard has been a director of the Company since 2013 and was previously a member of the Supervisory Board from 2007 to 2013. Dr. Archinard has been Executive Vice President, Technological Innovation and Partnerships at Institut Mérieux since January 1, 2021. Dr. Archinard was Chairman and Chief Executive Officer of Transgene from 2004 until December 2020, after 15 years with bioMérieux, an international biotech company, in various positions including head of the US subsidiary. Before joining Transgene, he was Managing Director of Innogenetics N.V., from 2000 to 2004. He has been a director of BioMérieux since 2005. Dr. Archinard holds an engineering degree in chemistry and a PhD in biochemistry from the University of Lyon, complemented by the PMD management program at Harvard Business School (USA).

Hilde WINDELS BV, represented by Hilde Windels, Director

Hilde Windels has been a director since 2014 and permanent representative of Hilde Windels BV on the Board of Directors since 2017. Hilde Windels has over 20 years' experience in corporate finance, capital markets and strategic initiatives. She currently serves on the Boards of MDx Health NV, Celyad NV, GIMV NV and Microphyt SA, and held the position of Managing Director of Antelope Dx BV until 2021. Hilde Windels was previously Managing Director of Mycartis NV, a Belgium-based molecular diagnostics and immunodiagnostics solutions company and a spin-out from Biocartis Group NV. In August 2011, she joined Biocartis as CFO until 2015, when she was appointed Co-CEO until 2017. Between early 2009 and mid-2011, she worked as an independent CFO for private biotech companies. She holds a degree in economics from the University of Louvain (Belgium).

Go Capital, represented by Leila Nicolas, Director

Leïla Nicolas began her career in 2004 as Product Manager at Bayer Schering Pharma in the fields of multiple sclerosis and oncology. She then moved into the world of start-ups as Strategic Marketing Manager for Polyplus-transfection, where she signed licensing agreements and acquired a strong understanding of intellectual property. Leïla Nicolas then participated in the creation of an environmental health company before joining GO Capital at the end of 2013. Since then, Leïla has made over fifteen investments in healthcare (biotech and medtech), sits on the boards of several companies in the field, and is now a partner in the management company.

Robert Sebbag, Director

Robert Sebbag is attached to Paris hospitals at the Pitié Salpêtrière Hospital, in the Department of Infectious and Tropical Diseases. He is also a director and founding member of Action Contre la Faim and a director of Fondation Mérieux. From 2006 to 2016, he was Vice President Access to Medicines at Sanofi. He previously held various positions at Rhône Poulenc Santé, Fondation Elf and Aventis-Pasteur. Former member of the Executive Committee of the CEO round table at Fondation Gate, and director of Leem (Les entreprises du médicament).

Guy Rigaud, Observer

Guy Rigaud has 30 years of experience as a private equity investor in over 300 young regional companies (more than half in the technology sector). Founder and Chairman of the Management Board of Rhône Alpes Création from 1990 to 2012, Guy Rigaud was involved in five IPOs on Euronext Paris and two on Nasdaq (as part of industrial disposals). Guy Rigaud was a member of the Board of Directors for 12 years of Groupe April (insurance), a company listed on the Euronext regulated market in Paris. Since 2012, Guy Rigaud has been founder and Managing Partner of a seed capital fund set up with four family offices.

3.1.1.2.4. POTENTIAL CONFLICTS OF INTEREST AND AGREEMENTS

Related party agreements are described in section 3.2.2 of the Universal Registration Document.

To the best of the Company's knowledge, there are no actual or potential conflicts of interest between the duties to the Company and the private interests and/or duties of the members of the Board of Directors, Executive Board and Senior Management, as referred to in section 3.1.1.2.2.2 "Composition of the Board of Directors" above.

To the best of the Company's knowledge, there is an agreement covered by article L. 225-37-4 2° of the French Commercial Code, namely an executive employment agreement between Gil Beyen and ERYTECH Pharma, Inc. effective as of 1 April 2019, setting out the terms of his duties and remuneration as President of Erytech Pharma Inc. (*see section 3.1.2 of the Universal Registration Document*).

In addition, to the best of the Company's knowledge, there are no pacts or agreements of any kind with shareholders, customers, suppliers or others under which any of the Company's directors or officers have been appointed.

As at the date of the Universal Registration Document, there are no service contracts binding the members of the Board of Directors to the Company or its subsidiary, ERYTECH Pharma, Inc. The two Deputy Chief Executive Officers, Eric Soyer and Jérôme Bailly, have employment contracts with the Company for operational activities independent of their corporate office.

3.1.1.2.5. FUNCTIONING OF THE BOARD OF DIRECTORS

The Company has a Board of Directors, an Executive Committee, a Remuneration Committee, an Audit and Corporate Social Responsibility (CSR) Committee and a Clinical Strategy Committee.

3.1.1.2.5.1. CONDITIONS FOR PREPARING AND ORGANIZING THE WORK OF THE BOARD OF DIRECTORS

The internal rules adopted by the Board of Directors were last updated on March 20, 2024. These internal rules are available for consultation on the Company's website. They specify, in particular, the role and composition of the Board, the principles of conduct and obligations of the members of the Company's Board of Directors, the operating procedures of the Board of Directors and its committees, the rules for determining the remuneration of their members, and the rules of transparency relating to transactions carried out by persons exercising managerial responsibilities. All members of the Board of Directors undertake to devote the necessary time and attention to their duties. They must inform the Board of any conflicts of interest they may encounter. In addition, the internal regulations refer to the regulations in force concerning the dissemination and use of insider information, and stipulate that Board members must refrain from trading in the Company's shares when in possession of insider information.

Each member of the Board of Directors is required to declare to the Company and to the AMF any transactions in the Company's shares that he or she carries out directly or indirectly.

3.1.1.2.5.1.1 BOARD COMPOSITION

Please also refer to section 3.1.1.2.2.2 of the Universal Registration Document, "*Composition of the Board of Directors*".

In accordance with legal and statutory provisions, the Board of Directors comprises a minimum of three and a maximum of eighteen directors. Directors are appointed, reappointed or dismissed by the Company's Annual General Meeting. In accordance with Article 17 of the Bylaws, their term of office is 3 years.

These directors have been appointed to the Board of Directors on the basis of their knowledge of the Company's business, their technical and general skills, and their ability to perform the administrative duties required of Board members.

In accordance with the Middlenext Code, the Board of Directors includes at least two independent directors.

The criteria specified by the Middlenext Code are used to justify the independence of Board members, which is characterized by the absence of any significant financial, contractual or family relationship likely to impair the independence of their judgment, namely :

- Not be an employee or executive officer of the Company or any of its affiliates, and not have been so within the last five years.
- Not to have had a significant business relationship with the company or its group over the past two years (customer, supplier, competitor, service provider, creditor, banker, etc.).
- Not be a reference shareholder of the Company or hold a significant percentage of voting rights.
- Have no close family ties with a corporate officer or reference shareholder.
- Not to have been the Company's statutory auditor for the last six years.

A list of the Company's directors, including positions held in other companies, is given in section 3.1.1.2.2.3 of the Universal Registration Document.

At the Company's Combined General Meeting on June 26, 2020, the total fixed annual amount allocated to directors was set at 425,000 euros for the 2023 financial year and for subsequent years until further notice.

On January 17, 2024, the Board of Directors confirmed the allocation of directors' remuneration (see section 3.1.2.1.2 of the Universal Registration Document) in accordance with the recommendations of the Remuneration and Appointments Committee.

3.1.1.2.5.1.2 FREQUENCY OF MEETINGS

Article 9 of the Bylaws stipulates that the Board of Directors meets as often as the Company's interests require.

12 BOARD MEETINGS IN 2023

The number of Board meetings held during the year ended December 31, 2023 is in line with the recommendation of the Middlenext Code, which calls for a minimum of four meetings a year.

The agenda for the Board of Directors' meetings held during the year is set out in paragraph 6 below.

The attendance rate of Board members during the year ended December 31, 2023 was 91% (the rate was 89% during the year ended December 31, 2022).

3.1.1.2.5.1.3 NOTICES OF BOARD MEETINGS

Notice of Board meetings was given in accordance with Article 19 of the Company's bylaws, and within a reasonable period of time.

In accordance with Article L. 225-238 of the French Commercial Code, the Statutory Auditors were invited to attend the Board meetings at which the interim and annual financial statements were reviewed and approved.

3.1.1.2.5.1.4 INFORMATION OF DIRECTORS

All the documents and information required by the directors to carry out their duties were sent to them at the same time as the notice of meeting, or handed to them at the start of each Board meeting.

As the Board meeting of March 20, 2024 decided to transfer the powers of the CSR Committee to the Audit Committee, the Board of Directors is now assisted by three standing committees, whose powers and operating procedures are set out in the internal regulations: the Audit Committee, the Compensation and Appointments Committee and the Clinical Strategy Committee.

3.1.1.2.5.1.5 MEETINGS

Meetings of the Board of Directors are held at the registered office or at any other location indicated on the notice of meeting, in accordance with Article 19 of the Bylaws.

3.1.1.2.5.1.6 ADOPTED DECISIONS

During the past year, the Board of Directors addressed the following main subjects:

- definition of the Company's annual objectives ;
- the terms and conditions of executive remuneration ;
- approval of the annual budget; and
- the annual/semi-annual financial statements and the annual/semi-annual financial report.

3.1.1.2.5.1.7 MEETING MINUTES

Minutes of Board meetings are prepared at the end of each meeting and immediately circulated to all directors. They are approved at the start of the next Board meeting.

3.1.1.2.5.1.8 EXECUTIVE SUCCESSION PLAN

The Board of Directors discusses or monitors the succession of the current executive and, if necessary, at the sole discretion of the Board of Directors, of another key employee, by including it regularly on its agenda.

3.1.1.2.5.2 SPECIALIZED COMMITTEES

The Company has a policy of information on corporate governance and transparency of remuneration for all its key executives.

As part of this policy, an Audit Committee and a Remuneration and Appointments Committee were set up in 2008, and a Clinical Strategy Committee was set up in March 2017 to assist the Supervisory Board and subsequently the Board of Directors in their deliberations and decision-making. These committees are described in the internal regulations, which were last updated by the Board of Directors on 20 March 2024.

At its meeting on 8 September 2022, the Board of Directors also updated its internal rules to include provisions relating to the establishment of a specialised committee on Corporate Social Responsibility (CSR). At its meeting on 20 March 2024, the Board decided to assign the powers of the CSR Committee to the Audit Committee.

The Board of Directors determines the composition and powers of the Committees, which carry out their activities under its responsibility. The purpose of these powers may not be to delegate to a Committee the powers expressly conferred on it by law, by the bylaws or by any other shareholders' agreement enforceable against the Company.

These Committees are purely internal to the Company. They have no powers of their own, and in particular no deliberative powers. Their role is strictly consultative.

Each Committee reports on its work to the Board of Directors.

The Board of Directors has full discretion as to the action it intends to take on the conclusions presented by the Committees. Each director remains free to vote as he wishes, without being bound by the studies, investigations or reports of the Committees, or by any of their recommendations.

Each Committee will comprise a minimum of two members (or three members in the case of the Audit Committee) and a maximum of ten members. Members are appointed in a personal capacity by the Board of Directors on the basis of their experience and may not be represented. The Committees must be composed exclusively of directors. The composition of these Committees may be changed at any time by a decision of the Board of Directors.

The term of office of Committee members coincides with their term of office as a member of the Board of Directors. Committee members' terms of office may be renewed at the same time as their terms of office as directors.

Committee meetings are held at the Company's registered office or at any other location decided by the Committee Chairman. However, Committee meetings may, if necessary, be held by teleconference or videoconference.

To ensure the efficient functioning of the Committees and their administrative management, the Chairman of each Committee :

- draws up the agenda for each meeting in accordance with the needs expressed by the Board of Directors ;
- formally convenes the members; and
- chairs the discussions.

The Chairman appoints a member of the Committee to take minutes at the end of each meeting. These will be sent to the Chairman of the Board of Directors. The minutes will be kept by the Company. The report on the work and recommendations of each Committee will be presented by the Chairman to the Board of Directors.

Within its area of competence, each Committee issues recommendations, proposals and opinions.

Confidentiality:

As the information communicated to the Committees or to which Committee members may have access in the course of their duties is confidential, Committee members are bound by the same strict confidentiality obligations towards any third party to the Board of Directors as apply to directors. This provision also applies to outside persons who may be invited to attend any meeting of the Board of Directors or of one of the Committees.

3.1.1.2.5.2.1 AUDIT COMMITTEE

The Audit Committee currently comprises four members appointed for the duration of their directorship.

During the year ended 31 December 2023, the Audit Committee met four times: on 7 February 2023, 4 May 2023, 20 September 2023 and 13 November 2023.

At its meeting on 8 September 2022, the Board of Directors updated its internal rules to include provisions relating to the establishment of a specialised committee on Corporate Social Responsibility

(CSR). At its meeting on 20 March 2024, the Board decided to assign the powers of the CSR Committee to the Audit Committee.

The role of the Audit Committee is to assess, on an ongoing basis, the existence and effectiveness of the Company's financial and risk control procedures. The Board of Directors has specifically assigned the following functions to the Audit Committee:

- examining the consolidated financial statements and the Company's annual and half-yearly financial statements;
- validating the appropriateness of the Company's accounting policies and methods;
- verifying the relevance of the financial information published by the Company;
- ensuring that internal control procedures are in place;
- verifying that internal controls are working properly, with the assistance of the internal quality audit department;
- examining the work programme for internal and external audits;
- examining any matter likely to have a material financial or accounting impact;
- examining the status of major litigation;
- review of off-balance sheet risks and commitments;
- reviewing the appropriateness of risk monitoring procedures;
- establishing and overseeing procedures for dealing with complaints or observations identifying concerns regarding accounting, internal accounting controls or auditing matters;
- examining regulated agreements and monitoring agreements relating to ordinary transactions entered into under normal conditions;
- overseeing the selection of the Statutory Auditors, their remuneration and guaranteeing their independence;
- ensuring that the Statutory Auditors perform their duties properly; and
- setting the rules governing the use of Statutory Auditors for work other than the audit of the accounts and verifying that this work is properly carried out.

In terms of CSR, the Audit Committee is responsible for advising the Board of Directors on issues relating to the Company's social and environmental responsibility, and for making recommendations to the Board in this area. Depending on the subject, it works in conjunction with the other specialist committees. The Committee is responsible for considering the sharing of value and, in particular, the balance between the level of remuneration for all employees, the remuneration of risk-taking by the shareholder and the investments needed to ensure the long-term future of the company.

The Audit Committee may visit or interview the heads of operational or functional entities to assist them in the performance of their duties. It may also interview the statutory auditors, even in the absence of the directors. It may call on outside experts with the prior agreement of the Board of Directors.

The current members of the Audit Committee are :

- Mrs Hilde Windels, Chairman and independent member;
- Mr Philippe Archinard, independent member;
- Mr Gil Beyen; and
- Go Capital, represented by Mrs Leila Nicolas.

The experience of the members of the Audit Committee is presented in section 3.1.1.2.3 of the Universal Registration Document.

Its members have specific skills in finance and accounting, thanks to their experience of almost 25 years in the pharmaceutical industry and the general management positions they have held and still hold.

Among the points discussed at these meetings:

- the annual financial statements and report for the year ended 31 December 2023; and
- the half-yearly financial statements and the half-yearly financial report.

3.1.1.2.5.2.2 REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee has three members in accordance with the provisions of the internal regulations:

- Mr Philippe Archinard, Chairman and independent member;
- Hilde Windels BV, represented by Mrs Hilde Windels, independent member; and
- Go Capital, represented by Mrs Leila Nicolas.

During the year ended 31 December 2023, the Remuneration and Appointments Committee met four times: on 3 February 2023, 17 April 2023, 29 August 2023 and 14 November 2023.

The experience of the members of the Remuneration and Appointments Committee is set out in section 3.1.1.2.3 of The Universal Registration Document.

This Committee hears the directors on the assessment of the Company's performance in relation to the objectives set. The Committee is also responsible for the following matters in particular:

- to make recommendations and proposals concerning (i) the various components of remuneration, pension schemes and health insurance for executives and directors; (ii) the procedures for determining the variable portion of their remuneration; and (iii) a general policy for the allocation of share warrants, share subscription warrants, stock options and free shares;
- to examine the annual amount of directors' remuneration and the system for distributing this amount among the directors, taking into account their attendance and the tasks they perform within the Board of Directors;
- to advise and assist the Board of Directors, where necessary, in the selection of senior executives and the setting of their remuneration ;
- evaluating any capital reserved for employees;
- assist the Board of Directors in the selection and recruitment of new directors;
- ensuring that structures and procedures are in place to enable the application of good governance practices within the Company;
- preventing conflicts of interest within the Board of Directors; and
- implement the procedure for evaluating the Board of Directors.

Points discussed at these meetings included

- the terms and conditions of directors' remuneration ;
- the introduction of a new profit-sharing scheme; and
- the appointment of a new director.

3.1.1.2.5.2.4 CLINICAL STRATEGY COMMITTEE

Prior to Martine George's resignation from the Board of Directors in March 2024, the Clinical Strategy Committee was made up of three independent members, in accordance with the provisions of the internal regulations:

- Martine George, Chairman and independent member ;
- Mr Robert Sebbag, independent member and

- Mr Philippe Archinard, independent member.

During the financial year ended 31 December 2023, the Clinical Strategy Committee met four times: on 21 March 2023, 25 July 2023, 10 November 2023 and 7 December 2023.

The experience of the members of the Clinical Strategy Committee is presented in section 3.1.1.2.3 of the Universal Registration Document.

The Clinical Strategy Committee is responsible for analysing and reviewing the Company's clinical and regulatory strategy. It meets at least once a year and makes recommendations to the Board of Directors regarding the Company's clinical and regulatory development strategy.

The Clinical Strategy Committee has the following main responsibilities:
- analysing and reviewing clinical development strategies; and
- analysing and reviewing the Company's product registration strategies.

3.1.1.2.5.3 EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Once a year, the Chairman invites the directors to give a reasoned opinion by completing a questionnaire on the operation and preparation of the Board's work.

3.1.1.2.6. TERMS OF PARTICIPATION IN THE GENERAL MEETING OF SHAREHOLDERS OR PROVISIONS OF THE BYLAWS PROVIDING FOR SUCH TERMS

There are no special arrangements for shareholders to attend General Meetings other than those set out in Article 27 of the Bylaws.

3.1.1.2.7. INFORMATION RELATING TO ELEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Pursuant to Article L. 22-10-11 of the French Commercial Code, the following information is provided on items likely to have an impact in the event of a public offer:

- **The Company's capital structure :** *see section 4 of the Universal Registration Document*
- **Statutory restrictions on the exercise of voting rights and transfers of shares, or clauses brought to the Company's attention pursuant to article L. 233-11 of the French Commercial Code:** *see section 4.3 of the Universal Registration Document.*
- **Direct or indirect shareholdings in the Company's capital of which it is aware under Articles L. 233-7 and L. 233-12 of the French Commercial Code:** *see section 4 of the Universal Registration Document.*
- **List and description of holders of any securities with special control rights:** none
- **Control mechanisms provided for in any employee shareholding system, when control rights are not exercised by the latter:** none
- **Shareholder agreements of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights:** none
- **Rules applicable to the appointment and replacement of Board members and to amendments to the bylaws:** the rules applicable in this area are set out in the bylaws and comply with the law.
- **Powers of the Board of Directors, in particular to issue or buy back shares:** the Company's Annual General Meeting of June 23, 2023 authorized the Board of Directors to :
  - issue shares by way of capital increases pursuant to resolutions no. 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 36, 37 and 38 of the Combined General Meeting of June 23, 2023 (*see section 3.1.1.2.8 of the Universal Registration Document*); and

- implement a share buyback program in accordance with the provisions of articles L. 22-10-62 et seq. of the French Commercial Code and the provisions of the regulations applicable to market abuse and articles 241-1 et seq. of the General Regulations of the Autorité des marchés financiers (see section 4.6.4 of the Universal Registration Document).

Agreements entered into by the Company that are modified or terminated in the event of a change of control of the Company:

- the characteristics of the BSA, BSPCE and Stock Option plans contain provisions for early exercise, under certain conditions, in the event of a change of control of the Company;
- See also the section below on indemnities in the event of a change of control for corporate officers and employees;
- agreements providing for compensation for members of the Board of Directors or employees if they resign or are dismissed without real or serious cause, or if their employment is terminated as a result of a takeover bid.

In accordance with the "TEPA" law and the Middlenext Corporate Governance Code, the Board of Directors' meetings of 23 May 2014, 31 August 2015 and 8 March 2019 set the terms of the severance payments and change of control payments granted to Gil Beyen and Jérôme Bailly. The terms of severance pay and compensation in the event of a change of control granted to Eric Soyer are set out in his employment contract.

These commitments include :

- that in the event of Mr Gil Beyen leaving ERYTECH Pharma Inc, i.e. in the event of :
  - expiry of the term of office (unless renewal is refused by the person concerned) or
  - dismissal (except for serious misconduct or gross misconduct as defined in the case law of the social division of the Cour de cassation),

  the beneficiary will be entitled to an indemnity equal to twelve times the average monthly remuneration (including bonuses) actually received during the 12 months preceding the decision to revoke the mandate or the expiry of the mandate, it being specified that this indemnity will be paid by ERYTECH Pharma Inc. (*see section 3.1.2 of the Universal Registration Document*).
- that in the event of Mr Jérôme Bailly's dismissal for any reason whatsoever, except for serious or gross misconduct, he will be entitled to redundancy pay equal to 6 months' fixed salary, plus three months' additional fixed salary for each year of service with the company, up to a maximum of 12 months' fixed salary, subject to more favourable provisions of the collective bargaining agreement.

In addition, these undertakings provide that if, within 12 months of a change of control of the Company (characterised by the acquisition of more than 50% of the voting rights) :

- Mr Gil Beyen :
  - is dismissed (except for serious misconduct or gross misconduct as defined in the case law of the social division of the Cour de cassation);
  - resigns, provided that this resignation is the result of his refusal of an offer by the Company, its acquirer or one of its subsidiaries of a position with less responsibility and/or less remuneration than the position held prior to the change of control.
- Mr Jérôme Bailly :
  - is dismissed, subject to serious or gross misconduct, benefits from an approved conventional termination of his/her employment contract, whether initiated by the Company or the employee ;

- resigns, provided that this resignation is the result of a downgrading by the Company, its purchaser or one of its subsidiaries or of the employee's refusal of an offer of a job with less responsibility and/or less remuneration than the job held prior to the change of control.

Mr Gil Beyen will be entitled to a lump-sum payment equal to 12 times his average monthly remuneration calculated on the basis of remuneration actually received (including variable remuneration) during the 12 months prior to his departure, it being specified that this payment will be made by ERYTECH Pharma Inc. for Mr Gil Beyen.

The decisions taken by the Board of Directors on 31 August 2015 and 8 March 2019 under the regulated agreements and commitments procedure provided for by the "TEPA" law have been published in full on the Company's website, in accordance with Article L. 225-42-1 of the French Commercial Code, now repealed by Order no. 2019-1234 of 27 November 2019. The commitments will be approved by the General Meeting of Shareholders in a specific resolution relating to each of the executive directors (see section 3.1.2 of the Universal Registration Document).

The Board of Directors decided that the payment of termination benefits and benefits in the event of a change of control would be subject to compliance, duly recorded by the Board of Directors at the time of or after termination of the duties, with conditions relating to the performance of the person concerned assessed in the light of the Company's performance, as defined to date as follows:

- compliance with the Company's expense budget; and
- at least one of the following two conditions:
  - at least one current collaboration or licensing agreement;
  - at least one product in active clinical development by the Company.

Mr Eric Soyer receives the same compensation as Mr Jérôme Bailly under his employment contract, with the difference that unlike Mr Jérôme Bailly, his payment is not subject to compliance with performance conditions.

In addition, the Board of Directors meeting of 2 November 2016 set a specific indemnity for the benefit of Gil Beyen and Jérôme Bailly in the event of a change of control occurring within two years of the free share allocation.

Lastly, on 23 June 2023, the Board of Directors set the terms of the severance pay granted to Mr Thibaut du Fayet. This undertaking provides that in the event of Mr Thibaut du Fayet leaving the Company, i.e. in the event of :

- expiry of the term of office (unless renewal is refused by the person concerned) or
- dismissal (except for serious misconduct or gross misconduct as defined in the case law of the social division of the Cour de cassation),

the interested party will be entitled to compensation equal to (i) twelve times the average monthly remuneration (including bonuses) actually received during the 12 months preceding the decision to dismiss him or the expiry of his term of office or (ii) the fixed annual remuneration defined by the Board of Directors in the event of his dismissal during the 12 months following his appointment.

The payment of severance benefits is subject to the fulfilment, duly acknowledged by the Board of Directors at the time or after the termination of duties, of conditions linked to the performance of the person concerned assessed in the light of the Company's performance, currently defined as follows :

- compliance with the Company's expense budget; and
- at least one of the following two conditions:

- at least one current collaboration or licensing agreement;
- at least one product in active clinical development by the Company.

On 14 November 2023, the Board of Directors authorised Mr Thibaut du Fayet to be covered for loss of employment. Under the terms of this agreement, the Company would take out a guarantee of 50% of the Chief Executive Officer's net annual taxable remuneration for a compensation period of 12 months. In the event of dismissal, the guarantee is limited to 30% of the net annual taxable remuneration declared by the executive. The guarantee may only be invoked after a 12-month waiting period has elapsed. It should be noted that the severance payment authorised by the Board of Directors on 23 June 2023 remains applicable in the event of dismissal or non-renewal of the term of office and may be combined with the insurance cover for loss of employment up to a limit of twelve times the average monthly remuneration (including bonuses) actually received during the twelve months preceding the decision to dismiss or the expiry of the term of office.

3.1.1.2.8. SUMMARY TABLE OF CURRENT DELEGATIONS OF AUTHORITY GRANTED BY THE SHAREHOLDERS' MEETING FOR CAPITAL INCREASES

The Annual Shareholders' Meeting of June 23, 2023 delegated authority to the Board of Directors to issue shares in the proportions and for the amounts summarized in the table on the following page.

Date of General Meeting	Type of authorisation	Maximum nominal amount of capital increase or securities issue	Cumulative limit	Duration	Use	Maximum remaining nominal amount
23/06/2023	Capital increase through the issue of ordinary shares and/or securities giving access to ordinary shares, with pre-emptive subscription rights for existing shareholders **(25th resolution)**	6,000,000 € 150,000,000 € (debt securities)	6,000,000 €* 150,000,000 € (debt securities)	26 months 23/08/2025	None	6,000,000 € 150,000,000 € (debt securities)
23/06/2023	Capital increase by issuing ordinary shares and/or securities giving access to ordinary shares, with waiver of pre-emptive subscription rights, by public offer other than the public offers referred to in 1° of Article L. 411-2 of the French Monetary and Financial Code (**26th resolution**)	6,000,000 € 150,000,000 € (debt securities)		26 months 23/08/2025	None	6,000,000 € 150,000,000 € (debt securities)
23/06/2023	Capital increase through the issue of ordinary shares and/or securities giving access to ordinary shares, with waiver of pre-emptive subscription rights, by public offering in accordance with 1° of Article L. 411-2 of the French Monetary and Financial Code (**27th resolution**)	20% of the share capital (per 12-month period) up to a maximum of €6,000,000** 150,000,000 € (debt securities)		26 months 23/08/2025	None	20% of the share capital (per 12-month period) up to a maximum of €6,000,000 150,000,000 € (debt securities)
23/06/2023	Authorisation to set the price of ordinary shares and/or securities giving access to ordinary shares issued without pre-emptive subscription rights (**28th resolution**)	10% of share capital (per 12-month period)		26 months 23/08/2025	None	N/A
23/06/2023	Authorisation to increase the number of shares to be issued in the event of a capital increase, with or without waiver of pre-emptive subscription rights (**29th resolution**)	15% of the initial issue, subject to the limit set in the resolution under which the issue is decided		26 months 23/08/2025	None	N/A
23/06/2023	Capital increase with cancellation of preferential subscription rights in favour of certain categories of persons*** **(30th resolution)**	6,000,000 €** 150,000,000 € (debt securities)		18 months 23/12/2024	None	6,000,000 € 150,000,000 € (debt securities)
23/06/2023	Capital increase with cancellation of preferential subscription rights in favour of certain categories of persons as part of an "At-the-market" or "ATM" equity financing programme (**31st resolution**)	6,000,000 €**		18 months 23/12/2024	None	6,000,000 €**
23/06/2023	Issue of ordinary shares and/or securities giving access to ordinary shares in the event of a public exchange offer initiated by the Company, without pre-emptive subscription rights (**32nd resolution**)	6,000,000 €** 150,000,000 € (debt securities)		26 months 23/08/2025	None	6,000,000 € 150,000,000 € (debt securities)
23/06/2023	Issue of ordinary shares and/or securities giving access to ordinary shares, without pre-emptive subscription rights, as consideration for contributions in kind made to the Company in the form of shares or securities giving access to the Company's capital (**33rd resolution**)	10% of the company's capital, up to a maximum of 6,000,000 €** 150,000,000 € (debt securities)		26 months 23/08/2025	None	6,000,000 € 150,000,000 € (debt securities)

23/06/2023	Capital increase by capitalisation of reserves, profits or share premium (**34th resolution**)	2,600,000 € **	N/A	26 months 23/08/2025	None	2,600,000 €	
23/06/2023	Capital increases reserved for members of an Erytech Pharma group savings scheme, with suppression of preferential subscription rights (**35th resolution**)	3% of the Company's capital**	N/A	12 months 23/06/2024	None	N/A	
23/06/2023	Authorisation given to the Board of Directors to grant existing shares or shares to be issued, without pre-emptive subscription rights, to officers and employees of the Company or related companies (**36th resolution**)	280,000**** shares	300,000**** shares	38 months 23/08/2026	27,565 shares (Board meeting of 21 September 2023) 163,200 shares (Board meeting on 14 November 2023)	89,235 shares	57,235 shares
23/06/2023	Authorisation given to the Board of Directors to grant share subscription and/or purchase options to officers and employees of the Company or of companies in the Erytech Pharma group, with waiver of shareholders' pre-emptive subscription rights (**37th resolution**)	80,000**** shares		38 months 23/08/2026	22,000 shares (Board meeting of 14 November 2023)	58,000 shares	
23/06/2023	Authorisation given to the Board of Directors to issue warrants, without pre-emptive subscription rights, for the benefit of officers and employees of the Company or the Erytech Pharma group (**38th resolution**)	30,000**** shares		18 months 23/12/2024	30,000 shares (Board meeting of 14 November 2023)	—	

* Overall ceiling of 6,000,000 euros common to the 25th to 33rd resolutions of the General Meeting of June 23, 2023.

** This ceiling is independent of the overall ceiling of 6,000,000 euros applicable to other financial delegations.

*** The categories of persons covered by the 30th resolution of the Annual General Meeting of June 23, 2023 are as follows:

i. natural or legal persons, including companies, trusts, investment funds or other investment vehicles of any kind, whether incorporated under French or foreign law, who regularly invest in the pharmaceutical, biotechnology or medical technology sectors, or who have entered into, or are about to enter into, an industrial, commercial, licensing, research or partnership agreement with the Company; and/or

ii. French or foreign companies, institutions or entities in any form whatsoever that carry out a significant proportion of their activities in the pharmaceutical, cosmetics, chemical or medical devices and/or technologies fields, or in research in these fields, or that have entered into, or are about to enter into, an industrial, commercial, licensing, research or partnership agreement with the Company; and/or

iii. French or foreign investment services providers, or any foreign institution with equivalent status, likely to guarantee the completion of an issue intended to be placed with the persons referred to in (i) and/or (ii) above and, in this context, to subscribe to the securities issued.

****The amounts shown take into account the reverse stock-split completed on September 18, 2023.

3.1.2. COMPENSATION AND BENEFITS

Following the entry into force of the Sapin 2 law (law no. 2016-1691 of December 9, 2016), it is proposed, at each Annual General Meeting since the Annual General Meeting for the year ended December 31, 2017, to vote on (i) the remuneration policy for corporate officers (see section 3.1.2.2. for the year ended December 31, 2024) and (ii) the remuneration package paid or allocated to corporate officers during the past year (see section 3.1.2.1 for the year ended December 31, 2023).

3.1.2.1. COMPENSATION AND BENEFITS IN KIND PAID OR GRANTED TO CORPORATE OFFICERS IN THE LAST FINANCIAL YEAR

In accordance with Article L. 22-10-34 I and II of the French Commercial Code, the Annual Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2023 will be called to approve :

(a) information on the remuneration of corporate officers referred to in I of Article L. 22-10-9 of the French Commercial Code (general ex post vote); and on

(b) the fixed, variable and exceptional components of total compensation and benefits of all kinds paid or awarded in respect of the previous year, in separate resolutions for executive officers. The Annual General Meeting must explicitly approve the payment of variable or exceptional compensation (specific ex-post vote).

Concerning executive officers (i.e. the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers) since the 2017 financial year, the payment of variable and exceptional remuneration components is conditional on the approval by the Annual General Meeting of the remuneration components of the executive concerned. Only the resolutions relating to the remuneration of Thibaut du Fayet, Gil Beyen and Didier Hoch in respect of the year ending December 31, 2023 will be subject to a specific ex post vote at the next Annual General Meeting, as Jérôme Bailly and Eric Soyer are not remunerated in respect of their corporate office but in respect of their employment contracts (in their respective capacities as Qualified Person and Director of Pharmaceutical Operations and Chief Financial Officer).

With effect from the 2020 financial year, payment of the amount allocated to directors (formerly "directors' fees") is suspended in the event of non-approval by the Shareholders' Meeting of the information relating to the remuneration of corporate officers referred to in I of Article L. 22-10-9 of the French Commercial Code, until such time as a revised remuneration policy submitted by the Board of Directors is approved at a future Shareholders' Meeting.

The Company completed its reverse stock-split on September 18, 2023. The reverse stock split involved the exchange of ten (10) existing shares with a par value of ten euro cents (€0.10) for one (1) new share with a par value of one euro (€1) (the "Reverse Stock Split"). The new shares resulting from the Reverse Stock Split have been admitted to trading on the Euronext regulated market in Paris, with effect from September 18, 2023, the first day of trading, and have been assigned a new ISIN code (FR001400K4B1). The amounts presented below concerning the rights of holders of rights or securities giving access to the capital and allocated prior to the Reverse Stock Split have been adjusted to take account of the new exercise parity.

3.1.2.1.1. ELEMENTS OF REMUNERATION PAID IN 2023 OR ALLOCATED IN RESPECT OF THE SAME YEAR TO EXECUTIVE MANAGERS SUBJECT TO APPROVAL AT THE NEXT GENERAL MEETING OF SHAREHOLDERS (SPECIFIC "EX POST" VOTE)

In accordance with the provisions of Article L. 22-10-34 II of the French Commercial Code, the next Ordinary General Meeting will be asked to vote on a draft resolution concerning the remuneration components awarded in 2023 in respect of the post-merger period from June 23, 2023 to the Chief Executive Officer, Thibaut du Fayet, and to the Chairman of the Board of Directors, Didier Hoch, and in respect of the pre-merger period to the previous Chief Executive Officer, Gil Beyen, and Chairman of the Board of Directors, Jean-Paul Kress.

Thibaut Du Fayet (Chief Executive Officer) - as of June 23, 2023		
Compensation elements for exercise 2023	**Amount**	**Observations**
Fixed compensation	135,000 €	Gross fixed compensation for 2023 fixed by the Board at its meeting on June 23, 2023.
Variable compensation	67,374 €	Gross variable compensation due (i) in respect of the first half of the 2023 financial year and calculated on the basis of 50% of the annual fixed compensation with a coefficient of achievement of 75% of the targets set for the first half of the 2023 financial year within the ex-Pherecydes entity as approved by the Board on January 17, 2024, and (ii) in respect of the second half of fiscal 2023, as approved by the Board on March 20, 2024, and corresponding to 50% of the fixed annual remuneration with a 35% target attainment ratio for the second half of fiscal 2023, as approved by the Board on March 20, 2024, payment of which is subject to approval by the next Annual General Meeting.
Valuation of free shares granted in 2023	36,254 €	Allocation on September 21, 2023 and November 14, 2023 (see table 6 below)
Other benefits	7,162 €	Coverage of travel costs between Paris and Lyon and accommodation in Lyon.
Other compensation elements attributable to the position	2,828 €	Executive severance insurance

Didier Hoch (Chairman of the Board of Directors) -- as of June 23, 2023		
Compensation elements for exercise 2023	**Amount**	**Observations**
Compensation for the office of Chairman of the Board of Directors	40,500 €	Decision of the Board of Directors on June 23, 2023
Valuation of free shares granted in 2023	112,675 €	Allocation on September 21, 2023 and November 14, 2023 (see table 6 below)

Gil Beyen (Chief Executive Officer) - until June 23, 2023*		
Compensation elements for exercise 2023	**Amount**	**Observations**
Fixed compensation	288,872 € including $252,740 (equivalent to €233,672) in compensation granted by Erytech Pharma Inc. in his capacity as President of Erytech Pharma Inc.)	Gross fixed compensation for fiscal 2023 set by the Board (i) at its meeting on February 15, 2023 for the first half of 2023 and (ii) at its meeting on June 23, 2023 for the second half of 2023.
Variable compensation	97,862 € including $78,981 (equivalent to €73,022) in remuneration awarded by Erytech Pharma Inc. in his capacity as Chairman of Erytech Pharma Inc.)	Gross variable remuneration due in respect of the 2023 financial year as approved by the Board of Directors (i) on 17 January 2024 and calculated on the basis of 50% of the annual fixed remuneration with a coefficient of achievement of 90% of the targets set for the first half of the 2023 financial year as recorded by the Board on dated 17 January 2024, payment of which is subject to approval by the next General Meeting and (ii) dated 20 March 2024 and corresponding to 50% of the annual fixed remuneration with a coefficient of achievement of 35% of the targets set for the second half of the 2023 financial year as recorded by the Board on 20 March 2024.
	130,263 € including $102,400 (equivalent to €94,675) in remuneration paid by Erytech Pharma Inc. in his capacity as President of Erytech Pharma Inc.)	Variable compensation paid in 2023 in respect of the 2022 financial year and approved by the General Meeting of 23 June 2023.
Exceptional compensation	€319,394 including $255,900 (equivalent to €236,594) in remuneration paid by Erytech Pharma Inc. and €82,800 due by Phaxiam	Exceptional remuneration in respect of the successful completion of the Merger with Pherecydes. The part of the remuneration payable by the Company in euros will be paid only after approval by the next General Meeting.
Valuation of stock options in 2023	1,467 €	Allocation on 14 November 2023 (see table 6 below)
Other compensation elements attributable to the position	5 000 €	Tax assistance services: Increase in the amount authorised by the Board of Directors on 6 January 2019 to €5,000 (see table 11 below).

*Gil Beyen has also received remuneration in his capacity as Vice-Chairman of the Board of Directors since 23 June 2023 (see section 3.1.2.1.2.2 of this Universal Registration Document).

Jean-Paul Kress (Chairman of the Board of Directors) - until June 23, 2023		
Compensation elements for exercise 2023	**Amount**	**Observations**
Compensation for the office of Chairman of the Board of Directors	36,000 €	Decision of the Board of Directors on 15 February 2023.
Remuneration for membership of the Remuneration and Appointments Committee	3,750 €	Decision of the Board of Directors on 15 February 2023.
Valuation of stock options in 2023		Not applicable

As Eric Soyer and Jérôme Bailly are only remunerated under their respective employment contracts, the components of their remuneration and the benefits in kind allocated to them are presented here for information purposes only.

Eric Soyer, Deputy Chief Executive Officer, Chief Financial Officer and Chief Operating Officer		
Compensation elements for exercise 2023	**Amount**	**Observations**
Fixed compensation	259,996 €	Gross fixed remuneration in respect of the 2023 financial year paid under his employment contract as Chief Financial Officer and Chief Operating Officer
Variable compensation	64,999 €	Gross variable compensation for 2023 payable under his employment contract as Chief Financial Officer and Chief Operating Officer
	54,599 €	Gross variable compensation paid in respect of the 2022 financial year
Exceptional compensation	130,000 €	Exceptional remuneration in respect of the successful merger with Pherecydes on 23 June 2023
Valuation of free shares granted in 2023	6,930 €	Allocation on 14 November 2023 (see table 6 below)
Benefits in kind	5,797 €	Benefit of a company car
Retirement indemnity	13,689 €	Service cost and interest cost for the year calculated in accordance with IAS 19. The indemnity will be paid on retirement under his employment contract (see table 11 below).

Jérôme Bailly, Chief Operating Officer and Director of Pharmaceutical Operations		
Compensation elements for exercise 2023	**Amount**	**Observations**
Fixed compensation	172,128 €	Gross fixed compensation for 2023 paid under his employment contract as Director of Pharmaceutical Operations.
Variable compensation	44,400 €	Gross variable compensation for 2023 paid under his employment contract as Director of Pharmaceutical Operations.
	35,701 €	Gross variable compensation paid in respect of the 2022 financial year
Exceptional compensation	29,750 €	Exceptional remuneration in respect of the successful merger with Pherecydes on 23 June 2023
Valuation of free shares granted in 2023	4,620 €	Allocation on 14 November 2023 (see table 6 below)
Benefits in kind	3,834 €	Benefit of a company car
Retirement indemnity	7,677 €	Service cost and interest cost for the year calculated in accordance with IAS 19. The indemnity will be paid on retirement under his employment contract (see table 11 below).

3.1.2.1.2. INFORMATION ON REMUNERATION GRANTED TO CORPORATE OFFICERS DURING THE YEAR ENDED 31 DECEMBER 2023 AND SUBMITTED TO THE GENERAL MEETING FOR APPROVAL PURSUANT TO ARTICLE L. 22-10-34 I OF THE FRENCH COMMERCIAL CODE (GENERAL "EX POST" VOTE)

This section presents, for each of the Company's corporate officers, all the information referred to in Article L. 22-10-9 I of the French Commercial Code relating to their remuneration for the 2023 financial year.

In accordance with the provisions of Article L. 22-10-34 I of the French Commercial Code, the Company's shareholders will be asked to vote on this information in a resolution to be submitted to the next General Meeting.

3.1.2.1.2.1 INFORMATION ON REMUNERATION GRANTED TO EXECUTIVE OFFICERS IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The total remuneration and benefits of all kinds due to the Chief Executive Officer, the Chairman of the Board of Directors and the Deputy Chief Executives during the past financial year are presented in tables 1 and 2 of the AMF nomenclature in section 3.1.2.1.3 below, which distinguish between the fixed, variable and exceptional components of this remuneration.

The relative proportion of fixed and variable remuneration in the total remuneration due to executive directors during the 2023 financial year is approximately as follows:

(a) For Didier Hoch, Chairman of the Board of Directors, fixed remuneration represents 100% of total remuneration,

(b) For Mr Gil Beyen, Vice-Chairman of the Board of Directors, fixed remuneration represents 40%, variable remuneration 13%, exceptional remuneration 43% and remuneration in respect of his duties as Vice-Chairman of the Board of Directors represents 4% of total remuneration,

(c) For Mr Thibaut du Fayet, Chief Executive Officer, fixed remuneration represents 68% and variable remuneration 32% of total remuneration,
(d) For Jérôme Bailly, Chief Operating Officer, fixed remuneration represents 71% and variable remuneration 17% of the total remuneration paid under his employment contract; and
(e) For Eric Soyer, Chief Operating Officer, fixed remuneration represents 59% and variable remuneration 14% of the total remuneration paid under his employment contract.

The amount of variable remuneration is set by the Remuneration and Appointments Committee on the basis of the achievement of strategic objectives relating to (i) the completion of the merger with Pherecydes, the finalisation of the ERYCEV project data and compliance with the budget set for the first half of 2023 (ii) obtaining short-term catalysts, in particular with strong potential for long-term value creation, results readings and the completion of financing before the end of the first quarter of 2024 for a minimum amount of €15 million for the second half of 2023. For 2023, the Remuneration and Appointments Committee considered that 90% of the objectives had been met for the first half of 2023 and 35% of the objectives for the second half of 2023.

The payment of variable and exceptional remuneration is conditional and suspended until the General Meeting approves the remuneration package for the executive concerned. Consequently, the Company does not foresee any possibility of requesting the return of variable remuneration.

The commitments entered into by the Company and corresponding to remuneration, indemnities or benefits due or likely to be due as a result of the assumption, termination or change of duties or subsequent to the exercise thereof, are presented in Table 11 of the AMF nomenclature in section 3.1.2.1.3 below.

Gil Beyen is remunerated by the subsidiary Erytech Pharma Inc. under an employment contract in his capacity as President of Erytech Pharma Inc. In this capacity, he has been awarded fixed remuneration of $252,740 (equivalent to €233,672)[8] and variable remuneration of $78,981 (equivalent to €73,022) for the 2023 financial year.

In accordance with Article L. 22-10-9-I-8° of the French Commercial Code, it is specified that the remuneration of each executive officer of the Company in respect of the 2023 financial year as presented in this report complies with the Company's remuneration principles and criteria adopted for the said financial year.

The contribution to the Company's long-term performance is ensured by constantly seeking a balance between the interests of the Company, taking into account the performance of senior executives and the continuity of remuneration practices.

In accordance with the law in force at the time, the fifth resolution of the last Annual General Meeting, held on 23 June 2023, approved the principles and criteria for determining, allocating and granting the fixed, variable and exceptional components of the total remuneration and benefits of any kind attributable to the executive officers in respect of the financial year ending 31 December 2022.

The Company has not deviated from the procedure for implementing the remuneration policy or made any exceptions to this policy.

3.1.2.1.2.2 INFORMATION ON REMUNERATION GRANTED TO DIRECTORS IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

[8] Euro equivalents are given for information purposes only and calculated on the basis of the average exchange rate for the period concerned.

All remuneration received by directors in respect of their duties during the past financial year is shown in Table 3 of the AMF nomenclature in section 3.1.2.1.3 below.

If, following a change in its current composition, the Board of Directors were no longer to be composed in accordance with the first paragraph of Article L. 225-18-1 of the Commercial Code, payment of remuneration to directors in respect of their attendance at Board meetings would be suspended. Payment would be reinstated when the composition of the Board of Directors returned to normal, including the backlog from the suspension.

3.1.2.1.2.3 EQUITY RATIO BETWEEN EXECUTIVE REMUNERATION AND THE AVERAGE AND MEDIAN REMUNERATION OF THE COMPANY'S EMPLOYEES AND ANNUAL TRENDS IN REMUNERATION, COMPANY PERFORMANCE AND EQUITY RATIOS

The equity ratios are presented for the last five financial years in accordance with 6° and 7° of Article L. 22-10-9 I of the French Commercial Code and include the gross annual remuneration paid during each financial year, as presented in Table 2, as well as the value of options and shares granted, as presented in Table 1.

Equity ratio per financial year	2019	2020	2021	2022	2023
Didier Hoch - Chairman of the Board of Directors					(3)
Gross annual remuneration (1)	n/a	n/a	n/a	n/a	4,500 €
Ratio with average remuneration (2)	n/a	n/a	n/a	n/a	0
Ratio with median remuneration (2)	n/a	n/a	n/a	n/a	0
J.P Kress - Chairman of the Board of Directors					(4)
Gross annual remuneration (1)	152,011 €	154,000 €	117,627 €	79,500 €	59,625 €
Ratio with average remuneration (2)	3	3	2	1	1
Ratio with median remuneration (2)	4	4	3	2	1
Thibaut Du Fayet - Chief Executive Officer					(3)
Gross annual remuneration (1)	n/a	n/a	n/a	n/a	135,000 €
Ratio with average remuneration (2)	n/a	n/a	n/a	n/a	2
Ratio with median remuneration (2)	n/a	n/a	n/a	n/a	3
Gil Beyen - Chief Executive Officer					(4)
Gross annual remuneration (1)	764,406 €	911,469 €	791,019 €	583,292 €	671,419 €
Ratio with average remuneration (2)	16	18	15	10	11
Ratio with median remuneration (2)	21	23	19	14	15
Jérôme Bailly - Deputy Chief Executive Officer					
Gross annual remuneration (1)	275,584 €	296,520 €	280,865 €	249,672 €	246,033 €
Ratio with average remuneration (2)	6	6	5	4	4
Ratio with median remuneration (2)	8	8	7	6	5
Eric Soyer - Deputy Chief Executive Officer					
Gross annual remuneration (1)	435,336 €	495,896 €	470,444 €	396,316 €	457,322 €
Ratio with average remuneration (2)	9 €	10	9	6	8
Ratio with median remuneration (2)	12 €	13	11	9	10
Change in average remuneration of employees other than corporate executives in %	-15 %	4 %	5 %	18 %	-3 %

(1) Refer to table 2 of section 3.1.2.1.3 “Standardized compensation tables for executives and corporate officers”.

(2) Calculated on a full-time equivalent basis of the Company’s employees

(3) These amounts refer to the period between June 23, 2023 and December 31, 2023

(4) These amounts refer to the period between January 1, 2023 and June 23, 2023

(in euros)	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
Net results	(62,659)	(73,300)	(53,797)	(228)	(23,488)
Equity	85,560	26,539	22,845	23,487	25,612

Given its activity as a biotechnology company and its historical deficit situation, the Company considers that these financial performance indicators alone do not reflect its performance over the last five years.

For example, the criteria used by the Company to determine the variable remuneration of the Chief Executive Officer are also relevant indicators reflecting the performance of the Company.

For example, for the year 2023, the amount of variable remuneration was set on the basis of the achievement of strategic objectives relating to (i) the completion of the merger with Pherecydes, the finalization of the ERYCEV project data and compliance with the budget established for the first half of 2023 (ii) obtaining short-term catalysts in particular with a strong potential for long-term value creation, readings of results as well as carrying out financing before the end of the first quarter 2024 for a minimum amount of 15 million euros for the second half of 2023. In comparison, for the year 2024, the strategic objectives relate to the achievement of financing before the end of the second quarter 2024 for a minimum of 10 million euros, setting up a partnership, reading clinical data and obtaining catalysts with high potential for long-term value creation.

3.1.2.1.3. STANDARDIZED COMPENSATION TABLES FOR CORPORATE OFFICERS

The tables of compensation and benefits relating to year 2023 and prior years are presented below in accordance with the Middlenext Code of Corporate Governance, validated as a reference code by the AMF, and with Position - recommendation AMF DOC-2021-02 updated on July 28, 2023.

Table 1: Summary of compensation and options and shares granted to each executive officer :

	Exercise 2022	Exercise 2023
Jean-Paul KRESS - Chairman of the Board of Directors until June 23, 2023		
Compensation granted in respect of financial year (detailed in table 2)	79,500 €	39,750 €
Valuation of multi-year variable compensation awarded during the financial year	— €	— €
Valuation of options and warrants granted during the financial year (detailed in tables 4 and 8)	— €	— €
Valuation of free shares granted during the year (detailed in table 6)	— €	— €
Valuation of other long-term compensation plans	— €	— €
TOTAL	**79,500 €**	**39,750 €**
Didier HOCH - Chairman of the Board of Directors since June 23, 2023		
Compensation granted in respect of financial year (detailed in table 2)	— €	40,500 €
Valuation of multi-year variable compensation awarded during the financial year	— €	— €
Valuation of options and warrants granted during the financial year (detailed in tables 4 and 8)	— €	— €
Valuation of free shares granted during the year (detailed in table 6)	— €	112,675 €
Valuation of other long-term compensation plans	— €	— €
TOTAL	**— €**	**153,175 €**
Thibaut DU FAYET – Chief Executive Officer since June 23, 2023		
Compensation granted in respect of financial year (detailed in table 2)	— €	212,364 €
Valuation of multi-year variable compensation awarded during the financial year	— €	— €
Valuation of options and warrants granted during the financial year (detailed in tables 4 and 8)	— €	— €
Valuation of free shares granted during the year (detailed in table 6)	— €	36,254 €

Valuation of other long-term compensation plans	— €	— €
TOTAL	**— €**	**248,618 €**
Gil BEYEN– Chief Executive Officer until June 23, 2023		
Compensation granted in respect of financial year (detailed in table 2)	572,427 €	737,590 €
Valuation of multi-year variable compensation awarded during the financial year	— €	— €
Valuation of options and warrants granted during the financial year (detailed in tables 4 and 8)		1,466 €
Valuation of free shares granted during the year (detailed in table 6)		— €
Valuation of other long-term compensation plans	— €	— €
TOTAL	**572,427 €**	**739,056 €**
Jérôme BAILLY – Deputy Chief Executive Officer (1)		
Compensation granted in respect of financial year (detailed in table 2)	218,159 €	257,789 €
Valuation of multi-year variable compensation awarded during the financial year	— €	— €
Valuation of options and warrants granted during the financial year (detailed in tables 4 and 8)	— €	— €
Valuation of free shares granted during the year (detailed in table 6)	— €	4,620 €
Valuation of other long-term compensation plans	— €	— €
TOTAL	**218,159 €**	**262,409 €**
Eric SOYER – Deputy Chief Executive Officer (1)		
Compensation granted in respect of financial year (detailed in table 2)	334,224 €	474,481 €
Valuation of multi-year variable compensation awarded during the financial year	— €	— €
Valuation of options and warrants granted during the financial year (detailed in tables 4 and 8)	— €	— €
Valuation of free shares granted during the year (detailed in table 6)	— €	6,930 €
Valuation of other long-term compensation plans	— €	— €
TOTAL	**334,224 €**	**481,411 €**

(1) The components of Jérôme Bailly's and Eric Soyer's remuneration shown in this table are provided purely for information purposes, as they were paid under their employment contracts and not under their respective terms of office as Deputy Chief Executive Officer.

Table 2: Summary of compensation paid to each executive officer :

	Exercise 2022		Exercise 2023	
	Amounts awarded	**Amounts paid**	**Amounts awarded**	**Amounts paid**
Jean Paul KRESS - Chairman of the Board of Directors *(until June 23, 2023)*				
Fixed compensation	79,500 €	79,500 €	39,750 €	59,625 €
Variable annual compensation	— €	— €	— €	— €
Multi-year variable compensation	— €	— €	— €	— €
Exceptional compensation	— €	— €	— €	— €
Compensation for directorship	— €	— €	— €	— €
Benefits in kind	— €	— €	— €	— €
TOTAL	**79,500 €**	**79,500 €**	**39,750 €**	**59,625 €**

Didier HOCH - Chairman of the Board of Directors (*since June 23, 2023)*				
Fixed compensation	— €	— €	40,500 €	4,500 €
Variable annual compensation	— €	— €	— €	— €
Multi-year variable compensation	— €	— €	— €	— €
Exceptional compensation	— €	— €	— €	— €
Compensation for directorship	— €	— €	— €	— €
Benefits in kind	— €	— €	— €	— €
TOTAL	**— €**	**— €**	**40,500 €**	**4,500 €**
Gil BEYEN – Chief Executive Officer *(until June 23, 2023)*				
Fixed compensation (1) (2)	434,241 €	434,241 €	288,872 €	288,872 €
Variable annual compensation (1) (3) (4)	130,263 €	141,128 €	97,862 €	127,775 €
Multi-year variable compensation	— €	— €	— €	— €
Exceptional compensation (1)	— €	— €	319,394 €	236,594 €
Compensation for directorship	— €	— €	27,500 €	12,750 €
Benefits in kind (5)	7,923 €	7,923 €	3,962 €	3,962 €
TOTAL	**572,427 €**	**583,292 €**	**737,590 €**	**669,953 €**
Thibaut Du Fayet – Chief Executive Officer (*since June 23, 2023)*				
Fixed compensation (1) (2)	— €	— €	135,000 €	135,000 €
Variable annual compensation (1) (3) (4)	— €	— €	67,374 €	— €
Multi-year variable compensation	— €	— €	— €	— €
Exceptional compensation (1)	— €	— €	— €	— €
Compensation for directorship	— €	— €	— €	— €
Benefits in kind (5)	— €	— €	7,162 €	7,162 €
TOTAL	**— €**	**— €**	**212,364 €**	**144,990 €**
Jérôme BAILLY - Deputy Chief Executive Officer(7)				
Fixed compensation (1)	170,004 €	170,004 €	172,128 €	172,128 €
Variable annual compensation (1) (3)	35,700 €	38,700 €	44,400 €	35,701 €
Multi-year variable compensation	— €	— €	— €	— €
Exceptional compensation (1)	— €	29,751 €	29,750 €	29,750 €
Compensation for directorship	— €	— €	— €	— €
Benefits in kind (5)	3,834 €	3,834 €	3,834 €	3,834 €
Retirement compensation (6)	8,621 €	— €	7,677 €	— €
TOTAL	**218,159 €**	**242,289 €**	**257,789 €**	**241,413 €**
Eric SOYER - Deputy Chief Executive Officer (7)				
Fixed compensation (1)	259,996 €	259,996 €	259,996 €	259,996 €
Variable annual compensation (1)	54,600 €	77,400 €	64,999 €	54,599 €
Multi-year variable compensation	— €	— €		
Exceptional compensation (1)	— €	45,499 €	130,000 €	130,000 €
Compensation for directorship	— €	— €		
Benefits in kind (5)	5,797 €	5,797 €	5,797 €	5,797 €
Retirement compensation (6)	13,831 €	— €	13,689 €	

TOTAL	**334,224 €**	**388,692 €**	**474,481 €**	**450,392 €**

(1) Gross remuneration before tax
(2) Including $341,296 (equivalent to €315,547) in 2022 and $252,740 (equivalent to €233,672) in 2023 under the employment contract with Erytech Pharma Inc.
(3) Variable remuneration set by the Remuneration and Appointments Committee and based on the achievement of strategic objectives relating to (i) the completion of the merger with Pherecydes, the finalisation of the ERYCEV project data and compliance with the budget set for the first half of 2023 (ii) obtaining short-term catalysts with strong potential for long-term value creation, results readings and the completion of financing before the end of the first quarter of 2024 for a minimum amount of €15 million for the second half of 2023.
(4) Including $102,400 (equivalent to €94,675) in 2022 and $78,981 (equivalent to €73,022) allocated in 2023 under the employment contract with Erytech Pharma Inc.
(5) Benefits in kind corresponding to vehicle leases
(6) Service cost and interest cost for the year calculated in accordance with IAS 19. This amount would be paid by the Company on retirement, under the employment contracts of Jérôme Bailly and Eric Soyer, in accordance with the French Labour Code.
(7) Amounts provided for information purposes only, as the components of Jérôme Bailly's and Eric Soyer's remuneration are linked to their employment contracts and not to their respective offices as Deputy Chief Executive Officers.

Table 3: Summary of compensation paid to non-executive directors :

	Exercise 2022		Exercise 2023	
	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid
Gil BEYEN				
Fixed remuneration (ex Directors' fees)	— €	— €	27,500 €	12,750 €
Other remuneration (1)	— €	— €	— €	— €
Luc DOCHEZ(2)				
Fixed remuneration (ex Directors' fees)	43,500 €	43,500 €	16,313 €	27,188 €
Other remuneration (1)	— €	— €	— €	— €
Philippe ARCHINARD				
Fixed remuneration (ex Directors' fees)	66,000 €	66,000 €	68,000 €	66,000 €
Other remuneration (1)	— €	— €	— €	— €
GALENOS sprl (représenté par Sven ANDREASSON)				
Fixed remuneration (ex Directors' fees)	— €	12,750 €	— €	— €
Other remuneration (1)	— €	— €	— €	— €
Sven ANDREASSON(3)				
Fixed remuneration (ex Directors' fees)	51,000 €	38,250 €	25,500 €	38,250 €
Other remuneration (1)	— €	— €	— €	— €
Martine GEORGE(4)				
Fixed remuneration (ex Directors' fees)	51,000 €	51,000 €	63,000 €	58,500 €
Other remuneration (1)	— €	— €	— €	— €
Hilde WINDELS BV				
Fixed remuneration (ex Directors' fees)	51,000 €	51,000 €	56,750 €	52,875 €
Other remuneration (1)	— €	— €	— €	— €
Melanie ROLLI(2)				
Fixed remuneration (ex Directors' fees)	43,500 €	43,500 €	16,313 €	27,188 €
Other remuneration (1)	— €	— €	— €	— €
Eric LEIRE(5)				
Fixed remuneration (ex Directors' fees)	n/a	n/a	21,750 €	10,875 €
Other remuneration (1)	n/a	n/a	— €	— €
Robert SEBBAG(6)				
Fixed remuneration (ex Directors' fees)	n/a	n/a	21,750 €	10,875 €
Other remuneration (1)	n/a	n/a	— €	— €
GO Capital(6)				
Fixed remuneration (ex Directors' fees)	n/a	n/a	26,250 €	15,375 €
Other remuneration (1)	n/a	n/a	— €	— €
TOTAL	**306,000 €**	**306,000 €**	**343,125 €**	**319,875 €**

(1) During the financial years presented, the directors did not receive any remuneration linked to the warrants granted, these having been subscribed at their fair value (see note 3.3.3 to the consolidated financial statements in section 5.3 of the Universal Registration Document).

(2) Luc Dochez and Melanie Rolli have resigned from their positions with effect from May 15, 2023.

(3) Sven Andreasson has resigned from his position with effect from June 23, 2023.

(4) Martine George has resigned from her position with effect from March 11, 2024.

(5) Eric Leire was appointed director by the Annual General Meeting of June 23, 2023. He resigned with effect from March 6, 2024.

(6) Robert Sebbag was appointed director at the Annual General Meeting of June 23, 2023. On the same date, shareholders ratified the co-opting of Go capital on May 15, 2023.

Table 4: Stock options granted in 2023 to each executive director by the issuer and by any group company

Name of corporate officer	Plan no. and date	Type of options (purchase or subscription)	Valuation of options in accordance with the method used for the consolidated financial statements(1)	Number of options granted during the year	Exercise price	Exercise period - Availability date
Gil Beyen	N°: SOP_{2023} Date: November 14, 2023	Subscription	1,467 €	8,000	4.30 €	Two-thirds (2/3) of the Options2023 : 14/11/2025 One third (1/3) of the Options2023 : 14/11/2026
TOTAL			**€1,467**	8,000		

(1) Stock options are valued using the Black & Scholes model.

Table 5: Stock options exercised during the year by each executive director

No stock options were exercised by a corporate officer during year 2023.

Table 6: Free Shares allocated to each corporate officer during year 2023

Free Shares allocated to each corporate officer by the issuer and by any Group company during the year (nominative list)	No. and date plan	Number of shares granted during the exercise	Valorization of shares according to selected method for accounts consolidated[2]	Date acquisition	Date of availability[3]	Conditions for Performance
Thibaut du Fayet	N°: $AGA_{2023\text{-}I}$ Allocation date: September 21, 2023	5.513 shares	27,014 €	September 21, 2024	September 21, 2025	
	N°: $AGA_{2023\text{-}II}$ Allocation date: November 14, 2023	20,000 shares divided into three tranches, of 10,000 shares for tranche 1 and 5,000 shares for tranches 2 and 3.	9,240 €	Tranche 1: November 14, 2024 Tranche 2: May 14, 2025 Tranche 3: November 14, 2025	November 14, 2025	Performance target based on the achievement of operating objectives between the grant date and the vesting date for 50% of the shares granted under the tranche concerned.
Didier Hoch	N°: $AGA_{2023\text{-}I}$ Allocation date: September 21, 2023	22.052 shares	108,055 €	September 21, 2024	September 21, 2025	
	N°: $AGA_{2023\text{-}II}$ Allocation date: November 14, 2023	10,000 shares divided into three tranches, of 5,000 shares for tranche 1 and 2,500 shares for tranches 2 and 3.	4,620 €	Tranche 1: November 14, 2024 Tranche 2: May 14, 2025 Tranche 3: November 14, 2025	November 14, 2025	Performance target based on the achievement of operating objectives between the grant date and the vesting date for 50% of the shares granted under the tranche concerned.
Jérôme Bailly[1]	N°: $AGA_{2023\text{-}II}$ Allocation date: November 14, 2023	10,000 shares divided into three tranches, of 5,000 shares for tranche 1 and 2,500 shares for tranches 2 and 3.	4,620 €	Tranche 1: November 14, 2024 Tranche 2: May 14, 2025 Tranche 3: November 14, 2025	November 14, 2025	
Eric Soyer[1]	N°: $AGA_{2023\text{-}II}$ Allocation date: November 14, 2023	15,000 shares divided into three tranches, of 7,500 shares for tranche 1 and 3,750 shares for tranches 2 and 3.	6,930 €	Tranche 1: November 14, 2024 Tranche 2: May 14, 2025 Tranche 3: November 14, 2025	November 14, 2025	
TOTAL			**160,479 €**			

(1) Free shares allocated to Deputy Chief Executive Officers are presented for information purposes only, as they were granted in connection with their employment contract and not their office as Deputy Chief Executive Officerss.

(2) Free shares are valued using the Black & Scholes model.

(3) 10% of the shares definitively allotted under each tranche are non-transferable until cessation of functions.

Table n° 7 : Free shares that became available to each corporate officer in year 2023

No Free shares allocated to corporate officers became available in year 2023.

Table 8: History of allocations of share subscription or purchase options, business creator share subscription warrants (BSPCE) and share subscription warrants (BSA)

The tables below are presented as at 31 December 2023. The information presented in these tables takes into account the Reverse Stock Split as defined above.

1. History of share warrants ("BSAs")

Types of securities	**BSA_{2014}**	**BSA_{2021}**	**BSA_{2023}**
		$BSA_{2021\text{-}27072021}$	**$BSA_{2023\text{-}14112023}$**
Date of Annual General Meeting	02-Apr-13	25-June-21	23-June-23
Grant date (Board of Directors or Chief Executive Officer's decision)	4-Dec.-14	27-Jul.-21	14-Nov.-23
Total number of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by corporate officers[1][2] :	3,000	7,525	30,000
Didier Hoch	—	—	—
Thibaut du Fayet	—	—	—
Gil Beyen	—	—	—
Jérôme Bailly	—	—	—
Eric Soyer	—	—	—
Philippe Archinard	—	1,350	5,000
Hilde Windels BV	—	1,350	5,000
Go Capital	—	—	5,000
Robert Sebbag	—	—	5,000
Starting date for exercising warrants	—	27-Jul.-23	14-Nov-25
Expiry date	22-jan-24	27-Jul.-24	14-Nov-26
Subscription or purchase price	€0.00	€10.90	€2.67
Exercise price per new share subscribed	€122.50	€38.20	€4.31
Exercise terms (where the plan comprises several tranches)	—[3]	Exercisable in full at the end of a 24-month period from the grant date	
Number of shares subscribed at 31 December 2023	100	—	—
Cumulative number of warrants cancelled or lapsed	—	6,175	—
Warrants outstanding at year-end	2 900[4]	1,350	30,000

(1) In consideration of his contribution to the development of the Company in his capacity as Director, the Board of Directors meeting of 5 May 2023 decided to accelerate the vesting of rights and to remove the obligation for early exercise following the termination of his term of office in favour of Mr Luc Dochez for the 1,350 $BSA_{2021\text{-}27072021}$ granted on 27 July 2021.

(2) The parity for BSA2014 is 1 warrant for 10 shares

(3) The BSA_{2014} may be exercised only once, except in the case of an M&A transaction, a maximum of four (4) times per year, and for the exercise of a minimum of 50 BSA_{2014}.

(4) On 20 March 2024, the Board of Directors acknowledged the lapse of 2,900 BSA_{2014} not exercised within the required period, as stipulated in the plan regulations.

2. History of BSPCE warrants (bons de souscription de parts de créateur d'entreprise)

Types of securities	BSPCE$_{2014}$	BSPCE$_{2017}$ ex-Pherecydes	BSPCE$_{2019}$	
			BSPCE$_{2019}$ I - Ex-Pherecydes	BSPCE$_{2019}$ II - Ex-Pherecydes
Date of Annual General Meeting	02-Apr-13	22-Dec-17	28-June.-19	
Grant date (Board of Directors or Chief Executive Officer's decision)	22-Jan.-14 23-June-15 6-May-16	22-March-18	12-Sept-19	28-Nov-19
Total number of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by corporate officers[1] :	19,500	22,441	10,890	7,500
Didier Hoch	—	—	—	3,750
Thibaut du Fayet	—	—	—	—
Gil Beyen	6,000	—	—	—
Jérôme Bailly	2,400	—	—	—
Eric Soyer[2]	2,000	—	—	—
Philippe Archinard	—	—	—	—
Hilde Windels BV	—	—	—	—
Go Capital	—	—	—	—
Robert Sebbag	—	—	—	—
Starting date for exercising warrants	—	22-March-20	12-Sept-19	28-Nov-19
Expiry date	22-Jan-24	21-March-28	12-Sept-19	28-Nov-19
Subscription or purchase price	€0.00	€0.00	€0.00	€0.00
Exercise price per new share subscribed	€122.50	€14.45	€10.85	€9.20
Exercise terms (where the plan comprises several tranches)	_[3]	_[4]	_[5]	_[5]
Number of shares subscribed at 31 December 2023	1,500	—	360	—
Cumulative number of warrants cancelled or lapsed	1,090	20,868	6,824	—
Warrants outstanding at year-end	16 910[6]	1,573	3,706	7 500[7]

(1) The parity for the BSPCE$_{2014}$ is 1 warrant for 10 shares.

(2) This table takes into account all the shares allocated to Eric Soyer, Deputy Chief Executive Officer, whether they were allocated to him in his capacity as an employee (prior to his appointment in January 2019) or as a corporate officer.

(3) The BSPCE$_{2014}$ may be exercised once only, except in the event of an M&A transaction, a maximum of four (4) times per year, and for the exercise of a minimum of 50 BSPCE$_{2014}$.

(4) 50% of the BSPCE$_{2017}$ may be exercised provided that the Beneficiary is still employed by the Company 2 years after the issue of the BSPCE$_{2017}$ and 50% provided that the Beneficiary achieves operating results by 31 December 2018.

(5) The BSPCE$_{2019\text{-}I}$ and BSPCE$_{2019\text{-}II}$ Ex-Pherecydes are exercisable over four years for 25% per year.

(6) On 20 March 2024, the Board of Directors noted the lapse of 16,910 BSPCE$_{2014}$ not exercised within the time limit stipulated in the plan regulations.

(7) On 17 January 2024, the Board of Directors acknowledged that 3,750 BSPCE$_{2019\text{-}II}$ held by a beneficiary had lapsed, as the condition of presence had no longer been met.

Types of securities	BSPCE$_{2020}$		
	BSPCE$_{2020\ I\text{-}Ex\text{-}Pherecydes}$	BSPCE$_{2020\ II\text{-}Ex\text{-}Pherecydes}$	BSPCE$_{2020\ III\text{-}Ex\text{-}Pherecydes}$
Date of Annual General Meeting	28-May-20		
Grant date (Board of Directors or Chief Executive Officer's decision)	19-June.-20	19-June.-20	19-June.-20
Total number of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by corporate officers[1] :	39,937	48,375	10,312
Didier Hoch	11,250	26,250	—
Thibaut du Fayet	—	—	—
Gil Beyen	—	—	—
Jérôme Bailly	—	—	—
Eric Soyer	—	—	—
Philippe Archinard	—	—	—
Hilde Windels BV	—	—	—
Go Capital	—	—	—
Robert Sebbag	—	—	—
Starting date for exercising warrants	19-June.-20	19-June.-20	19-June.-20
Expiry date	18-June.-30	18-June.-30	18-June.-30
Subscription or purchase price	€0.00		
Exercise price per new share subscribed	€5.43	€5.43	€5.43
Exercise terms (where the plan comprises several tranches)	_[6]	_[7]	_[8]
Number of shares subscribed at 31 December 2023	562	—	—
Cumulative number of warrants cancelled or lapsed	18,375	22,125	3,750
Warrants outstanding at year-end	21,000	26,250	6,562

(6) The BSPCE2020-I Ex-Pherecydes may be exercised over three years at 33%, 33% and 34% per year respectively.

(7) The BSPCE2020-II Ex-Pherecydes are exercisable subject to the achievement of strategic objectives.

(8) The BSPCE2020-III Ex-Pherecydes are exercisable subject to the achievement of operational objectives.

Types of securities	BSPCE$_{2021}$			
	BSPCE$_{2021}$ I-Ex-Pherecydes	BSPCE$_{2021}$ II- Ex-Pherecydes	BSPCE$_{2021}$ III Ex-Pherecydes	BSPCE$_{2021}$ IV-Ex-Pherecydes
Date of Annual General Meeting	24-Dec-20			
Grant date (Board of Directors or Chief Executive Officer's decision)	04-Feb-21	04-Feb-21	7-Jul-21	29-Nov-21
Total number of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by corporate officers[1] :	102,558	7,500	6,749	87,374
Didier Hoch	—	—	—	—
Thibaut du Fayet	—	—	—	—
Gil Beyen	—	—	—	—
Jérôme Bailly	—	—	—	—
Eric Soyer	—	—	—	—
Philippe Archinard	—	—	—	—
Hilde Windels BV	—	—	—	—
Go Capital	—	—	—	—
Robert Sebbag	—	3,750	—	—
Starting date for exercising warrants	04-Feb-21	04-Feb-21	7-Jul-21	29-Nov-21
Expiry date	04-Feb-31	04-Feb-31	7-Jul-31	29-Nov-31
Subscription or purchase price	€0.00	€0.00	€0.00	€0.00
Exercise price per new share subscribed	€16.00	€16.00	€21.87	€18.91
Exercise terms (where the plan comprises several tranches)	—	_[9]	_[9]	_[10]
Number of shares subscribed at 31 December 2023	289	—	—	—
Cumulative number of warrants cancelled or lapsed	24,375	—	422	25,177
Warrants outstanding at year-end	77,894	7,500	6,327	62,197

[9] The BSPCE2021-II and BSPCE2021-III Ex-Pherecydes may be exercised over four years at 25% per year.

[10] The BSPCE2021-IV Ex-Pherecydes may be exercised over three years at 33%, 33% and 34% per year, respectively.

3. History of stock option grants

Type of securities	SOP$_{2016}$	SOP$_{2017}$		SOP$_{2018}$	
	SOP$_{2016-031016}$	SOP$_{2017-270617}$	SOP$_{2017-070118}$	SOP$_{2018-060119}$	SOP$_{2018-120419}$
Date of Annual General Meeting	24-June-16	27-June-17		28-June-18	
Grant date (Board of Directors or Chief Executive Officer's decision)	03-Oct.-16	27-June-17	07-Jan.-18	06-Jan.-19	12-Apr.-19
Total number of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by corporate officers :	4,449	2,220	9,713	3,801	7,687
Didier Hoch	—	—	—	—	—
Thibaut du Fayet	—	—	—	—	—
Gil Beyen	—	—	—	—	1,820

Type of securities	SOP_{2016}	SOP_{2017}		SOP_{2018}	
Jérôme Bailly	—	—	—	—	—
Eric Soyer	—	—	—	—	—
Philippe Archinard	—	—	—	—	—
Hilde Windels BV	—	—	—	—	—
Go Capital	—	—	—	—	—
Robert Sebbag	—	—	—	—	—
Starting date for exercising options	03-Oct.-18	27-June-19	07-Jan.-20	06-Jan.-21	12-Apr.-21
Expiry date	03-Oct.-26	27-June-27	07-Jan.-28	06-Jan.-29	12-Apr.-29
Subscription or purchase price	0,00 euro	—	—	—	—
Exercise price per new share subscribed	€185.20	€264.70	€180.00	€63.80	€72.00
Terms of exercise[1]	Two-thirds of the options may be exercised two years after they are granted and all of them three years after they are granted.				
Number of shares subscribed at 31 December 2023	—	—	—	—	—
Cumulative number of share subscription or purchase options cancelled or lapsed[2]	1,950	900	7,486	3,509	4,437
Stock options remaining outstanding at year-end	2,499	1,320	2,227	292	3,250

(1) General conditions of exercise: The holder must either (i) be a corporate officer who is not subject to the tax and social security regime applicable to employees of the Company or one of its subsidiaries, or (ii) be a member of any specific committee set up by the Board of Directors of the Company or one of its subsidiaries and not be an employee of the Company or one of its subsidiaries, or (iii) be bound by a consultancy contract with the Company or one of its subsidiaries on the day the options are exercised.

(2) Some options have lapsed following the departure of employees.

Type of securities	SOP_{2019}			SOP_{2020}	
	$SOP_{2019\text{-}310719}$	$SOP_{2019\text{-}091019}$	$SOP_{2019\text{-}250220}$	$SOP_{2020\text{-}280720}$	$SOP_{2020\text{-}040621}$
Date of Annual General Meeting	21 June 2019			26 June 2020	
Grant date (Board of Directors or Chief Executive Officer's decision)	31-Jul.-19	09-Oct.-19	25-Feb.-20	28-Jul.-20	04-June.-21
Total number of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by corporate officers(1):	5,912	34,725	4,195	37,400	5,700
Didier Hoch	—	—	—	—	—
Thibaut du Fayet	—	—	—	—	—
Gil Beyen	—	10,500	—	10,500	—
Jérôme Bailly	—	—	—	—	—
Eric Soyer	—	—	—	—	—
Philippe Archinard	—	—	—	—	—
Hilde Windels BV	—	—	—	—	—
Go Capital	—	—	—	—	—
Robert Sebbag	—	—	—	—	—
Starting date for exercising options	31-Jul.-21	09-Oct.-21	25-Feb.-22	28-Jul.-22	04-June.-23
Expiry date	31-Jul.-29	09-Oct.-29	25-Feb.-30	28-Jul.-30	04-June.-31
Subscription or purchase price	—	—	—	—	—
Exercise price per new share subscribed	€57.80	€42.50	€58.70	€68.80	€47.80
Terms of exercise(2)	Two-thirds of the options may be exercised two years after they are granted and all of them three years after they are granted.				
Number of shares subscribed at 31 December 2023	—	—	—	—	—
Cumulative number of share subscription or purchase options cancelled or lapsed(3)	—	16,125	3,645	15,100	5,050
Stock options remaining outstanding at year-end	5,912	18,600	550	22,300	650

(1) In consideration of his contribution to the Company's development in his capacity as Chairman of the Board, the Board of Directors meeting of May 5, 2023 decided to accelerate the vesting of rights and to remove the obligation for early exercise following the termination of his term of office in favor of Mr. Jean-Paul Kress for 5,912 $SOP_{2019\text{-}31072019}$ stock options granted on July 31, 2019 and for 3,000 $SOP_{2020\text{-}28072020}$ stock options granted on July 28, 2020.

(2) General conditions of exercise: The holder must either (i) be a corporate officer who is not subject to the tax and social security regime applicable to employees of the Company or one of its subsidiaries, or (ii) be a member of any specific committee set up by the Board of Directors of the Company or one of its subsidiaries and not be an employee of the Company or one of its subsidiaries, or (iii) be bound by a consultancy contract with the Company or one of its subsidiaries on the day the options are exercised.

(3) Some options have lapsed following the departure of employees.

Type of securities	SOP_{2021}		SOP_{2023}
	$SOP_{2021\text{-}27072021}$	$SOP_{2021\text{-}16122021}$	$SOP_{2023\text{-}14112023}$
Date of Annual General Meeting	25-June-21		23-June-23
Grant date (Board of Directors or Chief Executive Officer's decision)	27-Jul.-21	16-Dec.-21	14-Nov-23
Total number of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by corporate officers[1]:	37,755	14,900	22,000
Didier Hoch	—	—	—
Thibaut du Fayet	—	—	—
Gil Beyen	9,450	2,100	8,000
Jérôme Bailly	—	—	—
Eric Soyer	—	—	—
Philippe Archinard	—	—	—
Hilde Windels BV	—	—	—
Go Capital	—	—	—
Robert Sebbag	—	—	—
Starting date for exercising options	27-Jul.-23	16-Dec.-23	14-Nov-25
Expiry date	27-Jul.-31	16-Dec.-31	14-Nov-33
Subscription or purchase price	—	—	—
Exercise price per new share subscribed	€37.10	€21.40	€4.30
Terms of exercise[2]	Two-thirds of the options may be exercised two years after they are granted and all of them three years after they are granted.		
Number of shares subscribed at 31 December 2023	—	—	—
Cumulative number of share subscription or purchase options cancelled or lapsed[3]	17,325	7,850	—
Stock options remaining outstanding at year-end	20,430	7,050	22,000

(1) In consideration of his contribution to the development of the Company in his capacity as Chairman of the Board, the Board of Directors meeting of 5 May 2023 decided to accelerate the vesting of rights and to remove the obligation for early exercise following the termination of his term of office in favour of Mr Jean-Paul Kress in respect of 2,700 stock options $SOP_{2021\text{-}2707202}$1 granted on 27 July 2021.

(2) General conditions of exercise: The holder must either (i) be a corporate officer who is not subject to the tax and social security regime applicable to employees of the Company or one of its subsidiaries, or (ii) be a member of any specific committee set up by the Board of Directors of the Company or one of its subsidiaries and not be an employee of the Company or one of its subsidiaries, or (iii) be bound by a consultancy contract with the Company or one of its subsidiaries on the day the options are exercised.

(3) Some options have lapsed following the departure of employees.

Table n° 9 : Options to subscribe for or purchase shares and other financial instruments giving access to the capital granted to the top ten non-corporate officer employees and options exercised by them

Share subscription or purchase options and warrants granted to the top ten employees who are not corporate officers, and options exercised by them	Total number of options and warrants granted/ shares subscribed or purchased	Weighted average price	Plan $S.OP_{2023\text{-}14112023}$
Options and warrants granted, during the year, by the issuer and any company included in the scope of allocation of the options, to the ten employees of the issuer and any company included in this scope, whose number of options/warrants thus granted is the highest (aggregate information)	14,000	€4.30	14,000
Options and warrants held by the issuer and the aforementioned companies, exercised during the year by the ten employees of the issuer and these companies whose number of options and warrants purchased or subscribed is the highest (aggregate information)	No options or warrants were exercised during the year ended December 31, 2023.		

Table n° 10 : History of free share allocations at December 31, 2023

The information presented in the tables below takes into account the Reverse Stock Split as defined above and finalized on September 18, 2023.

1. 2019 and 2020 free share plans

	Plan AGA_{2019}		Plan AGA_{2020}	
	$AGA_{2019\text{-}09102019}$	$AGA_{2019\text{-}25022020}$	$AGA_{2020\text{-}28072020}$	$AGA_{2020\text{-}04062021}$
Meeting date	Combined General Meeting of June 21, 2019		Combined General Meeting of June 26, 2020	
Grant date (Board of Directors or Chief Executive Officer's decision)	09-Oct.-19	25-Feb.-20	28-Jul.-20	04-June.-21
Total number of free shares granted	29,825	4,983	24,900	5,060
Total number of shares granted to corporate officers :				
Didier Hoch	—	—	—	—
Thibaut du Fayet	—	—	—	—
Gil Beyen	3,459	—	2,812	—
Jérôme Bailly	2,883	—	2,342	—
Eric Soyer	5,768	—	4,686	—
Philippe Archinard	—	—	—	—
Hilde Windels BV	—	—	—	—
Go Capital	—	—	—	—
Robert Sebbag	—	—	—	—
Vesting date[(1)]	Tranche 1 : 09/10/2020	Tranche 1 : 25/02/2021	Tranche 1 : 28/07/2021	Tranche 1 : 04/06/2022
	Tranche 2 : 09/10/2021	Tranche 2 : 25/02/2022	Tranche 2 : 28/07/2022	Tranche 2 : 04/06/2023
	Tranche 3 : 09/10/2022	Tranche 3 : 25/02/2023	Tranche 3 : 28/07/2023	Tranche 3 : 04/06/2024
	Tranche 4 : 09/10/2023	Tranche 4 : 25/02/2024	Tranche 4 : 28/07/2024	Tranche 4 : 04/06/2025
	Tranche 5 : 09/10/2024	Tranche 5 : 25/02/2025	Tranche 5 : 28/07/2025	Tranche 5 : 04/06/2026

	Plan AGA_{2019}		Plan AGA_{2020}	
	$AGA_{2019\text{-}09102019}$	**$AGA_{2019\text{-}25022020}$**	**$AGA_{2020\text{-}28072020}$**	**$AGA_{2020\text{-}04062021}$**
End of retention period[2]	Tranche 1 : 09/10/2021	Tranche 1 : 25/02/2022	Tranche 1 : 28/07/2022	Tranche 1 : 04/06/2023
	Tranche 2 : 09/10/2021	Tranche 2 : 25/02/2022	Tranche 2 : 28/07/2022	Tranche 2 : 04/06/2023
	Tranche 3 : 09/10/2022	Tranche 3 : 25/02/2023	Tranche 3 : 28/07/2023	Tranche 3 : 04/06/2024
	Tranche 4 : 09/10/2023	Tranche 4 : 25/02/2024	Tranche 4 : 28/07/2024	Tranche 4 : 04/06/2025
	Tranche 5 : 09/10/2024	Tranche 5 : 25/02/2025	Tranche 5 : 28/07/2025	Tranche 5 : 04/06/2026
Number of shares definitively allocated[3] at December 31, 2023	2,292	420	—	—
Cumulative number of shares cancelled or lapsed at December 31, 2023	12,943	3,789	10,614	3,580
Free shares remaining at 31 December 2023[4]	14,590	774	14,286	1,480

(1) Performance condition: the performance condition for the vesting of the free shares is based on the increase in the Company's share price between the date of allocation of the free shares and the vesting date.

(2) AGA_{2019} and AGA_{2020} retention period: all the shares in Tranche 1 for 1 year from the date of definitive allocation and, if the beneficiary is a corporate officer, 10% of the shares allocated under each of the tranches until he or she ceases to hold office.

(3) Shares allocated, subscribed and acquired.

(4) Corresponds to free shares allocated less shares definitively acquired less shares forfeited following the departure of certain employees.

2. 2021 free share plans

Plan AGA_{2021}		
	$AGA_{2021\text{-}27072021}$	$AGA_{2021\text{-}16122021}$
Meeting date	Combined General Meeting of June 25, 2021	
Grant date (Board of Directors or Chief Executive Officer's decision)	27-Jul.-21	16-Dec.-21
Total number of free shares granted	22,865	9,305
Total number of shares granted to corporate officers :		
Didier Hoch	—	—
Thibaut du Fayet	—	—
Gil Beyen	2,700	600
Jérôme Bailly	2,250	1,000
Eric Soyer	4,500	2,000
Philippe Archinard	—	—
Hilde Windels BV	—	—
Go Capital	—	—
Robert Sebbag	—	—
Vesting date[1]	Tranche 1 : 27/07/2022	Tranche 1 : 16/12/2022
	Tranche 2 : 27/07/2023	Tranche 2 : 16/12/2023
	Tranche 3 : 27/07/2024	Tranche 3 : 16/12/2024
	Tranche 4 : 27/07/2025	Tranche 4 : 16/12/2025
	Tranche 5 : 27/07/2026	Tranche 5 : 16/12/2026
End of retention period[2]	Tranche 1 : 27/07/2023	Tranche 1 : 16/12/2023
	Tranche 2 : 27/07/2023	Tranche 2 : 16/12/2023
	Tranche 3 : 27/07/2024	Tranche 3 : 16/12/2024
	Tranche 4 : 27/07/2025	Tranche 4 : 16/12/2025
	Tranche 5 : 27/07/2026	Tranche 5 : 16/12/2026
Number of shares definitively allocated[3] at December 31, 2023	—	—
Cumulative number of shares cancelled or lapsed at December 31, 2023	9,865	3,520
Free shares remaining at 31 December 2023[4]	13,000	5,785

(1) Performance condition: the performance condition for the vesting of the free shares is based on the increase in the Company's share price between the date of allocation of the free shares and the vesting date.

(2) AGA_{2021} retention period: all the shares in Tranche 1 for 1 year from the date of definitive allocation and, if the beneficiary is a corporate officer, 10% of the shares allocated under each of the tranches until he or she ceases to hold office.

(3) Shares allocated, subscribed and acquired.

(4) Corresponds to free shares allocated less shares definitively acquired less shares forfeited following the departure of certain employees.

3. 2022 and 2023 free share plans

	Plan $AGA_{2022\ (ex\text{-}Pherecydes)}$	**Plan $AGA_{2023\text{-}I}$**	**Plan $AGA_{2023\text{-}II}$**
	$AGA_{2022\ (ex\text{-}Pherecydes)}$	**$AGA_{2023\text{-}I\text{-}21092023}$**	**$AGA_{2023\text{-}II\text{-}14112023}$**
Meeting date	Combined General Meeting of May 19, 2022	Combined General Meeting of June 23, 2023	
Grant date (Board of Directors or Chief Executive Officer's decision)	19-May-22	21-Sept-23	14-Nov-23
Total number of free shares granted	21,944	27,565	163,200
Total number of shares granted to corporate officers :			
Didier Hoch	—	22,052	10,000
Thibaut du Fayet	21,944	5,513	20,000
Gil Beyen	—	—	—
Jérôme Bailly	—	—	10,000
Eric Soyer	—	—	15,000
Philippe Archinard	—	—	—
Hilde Windels BV	—	—	—
Go Capital	—	—	—
Robert Sebbag	—	—	—
Vesting date[1]	Tranche 1: 19/05/2023	Tranche 1: 21/09/2024	Tranche 1: 14/11/2024
	Tranche 2: 19/05/2024		Tranche 2: 14/05/2025
	Tranche 3: 19/05/2025		Tranche 3: 14/11/2025
	Tranche 4: 19/05/2026		
End of retention period[2]	Tranche 1: 19/05/2024	Tranche 1: 21/09/2025	Tranche 1: 14/11/2025
	Tranche 2: 19/05/2025		Tranche 2: 14/11/2025
	Tranche 3: 19/05/2026		Tranche 3: 14/11/2025
	Tranche 4: 19/05/2027		
Number of shares definitively allocated[3] at December 31, 2023	5,486	—	—
Cumulative number of shares cancelled or lapsed at December 31, 2023	—	—	—
Free shares remaining at 31 December 2023[4]	16,458	27,565	163,200

(1) Performance condition applicable to $AGA_{2023\text{-}II\text{-}14112023}$: the performance condition for the acquisition of the free shares is based on the achievement of operating results for 50% of the Shares Allocated under the Tranche concerned. The remaining 50% of the Shares will be allocated automatically without any performance condition. between the allocation date of the free shares and the vesting date. No performance conditions apply to $AGA_{2022\ (Ex\text{-}Pherecydes)}$ and $AGA_{2023\text{-}I\text{-}21092023}$.

(2) Retention period for (i) $AGA_{2022\ (Ex\text{-}Pherecydes)}$ and $AGA_{2023\text{-}I\text{-}21092023}$: one (1) year at the end of the vesting period (ii) $AGA_{2023\text{-}II\text{-}14112023}$: one (1) year at the end of the vesting period for tranche 1 and six (6) months at the end of the vesting period for tranche 2.

(3) Shares allocated, subscribed and acquired.

(4) Corresponds to free shares allocated less shares definitively acquired less shares forfeited following the departure of certain employees.

Table 11: Remuneration and other benefits granted to executive officers only

Executive Officers	Employment contract		Supplementary pension scheme		Compensation or benefits due or likely to be due due to the cessation or change of functions		Compensation relating to a non-competition clause		Tax assistance		Job loss insurance	
	Yes [1]	No	Yes [2]	No	Yes[3]	No	Yes [4]	No	Yes[5]	No	Yes[5]	No
Didier Hoch Chairman of the Board of Directors 1st appointment: June 2023 End of term: AGO 2026		X		X		X		X		X		X
Thibaut Du Fayet Chief Executive Officer 1st appointment: June 2023 End of term: AGO 2026		X	X		X			X		X	X	
Gil BEYEN Vice Chairman of the Board of Directors 1st appointment: April 2013 End of mandate: AGO 2025		X		X	X			X	X			X
Jerome BAILLY Deputy CEO 1st appointment: December 2012 End of term: AGO 2026	X		X		X		X			X		X
Eric SOYER Deputy CEO 1st appointment: January 2019 End of term: AGO 2026	X		X		X		X			X		X

(1) Jérôme Bailly and Eric Soyer had employment contracts prior to their first appointments as corporate officers. The Board of Directors decided to maintain these employment contracts after these appointments, as they covered duties that were separate from their mandates.

(2) Subscription to the supplementary defined contribution pension scheme, as part of a group pension contract taken out by the Company with AXA. Investment of individual accounts funded by pension contributions of 5% of gross salaries, less 2.50% in fees, in "Horizon" mutual funds managed by AXA. Estimated annual annuity at age 65 (excluding options) at the end of February 2024 :

- Thibaut Du Fayet: 0,5 K€
- Gil Beyen: 3,9 K€
- Jérôme Bailly 5 K€
- Eric Soyer : 2,8 K€

(3) Compensation equal to one year's remuneration only for Messrs du Fayet, Beyen, Soyer and Bailly *(see section 3.1.1.2.7 of the Universal Registration Document*).

(4) Compensation equal to 1/3 of the average monthly gross salary received over the last three months of employment with the Company, for a period of 18 months for Mr. Bailly and 1/3 of the average monthly salary received over the last twelve months of employment with the Company, for a period of 18 months for Mr. Soyer.

(5) Gil Beyen receives tax assistance of up to €5,000 a year.

(6) Thibaut du Fayet is covered for loss of employment at a rate of 50% of net annual taxable remuneration for a benefit period of 12 months. In the event of revocation, the guarantee is limited to 30%. A 12-month waiting period is required to activate the guarantee.

In addition, executive officers also benefit from a supplementary health and provident scheme, as well as profit-sharing (see also section 3.1.2.2.5 of the Universal Registration Document). At December 31, 2023,

the amount provisioned by the Company for the payment of pensions, retirement and other benefits to corporate officers and/or executive directors totaled €150,445.

The executive directors did not receive any bonuses for leaving or joining the Company.

3.1.2.2. COMPENSATION POLICY FOR CORPORATE OFFICERS FOR THE 2024 FINANCIAL YEAR

In accordance with Article L. 22-10-8 of the French Commercial Code, this report sets out the remuneration policy for corporate officers in respect of the 2024 financial year (effective until the next General Meeting called to approve the financial statements for the 2024 financial year and to be held in 2025), which will be the subject of a proposed resolution submitted for the approval of the General Meeting called to approve the financial statements for the 2023 financial year.

If the General Meeting does not approve the relevant resolution(s), the remuneration will be determined in accordance with the remuneration awarded in respect of the previous financial year.

At the date of this report, the Company had four executive officers: Didier Hoch, Chairman of the Board of Directors, Thibaut du Fayet, Chief Executive Officer, Eric Soyer, Chief Financial Officer, Chief Operating Officer and Deputy Chief Executive Officer and Jérôme Bailly, Director of Pharmaceutical Operations and Quality Assurance, Qualified Person and Deputy Chief Executive Officer, and six directors, including Didier Hoch, Chairman of the Board of Directors, and Gil Beyen, Vice-Chairman of the Board of Directors.

Eric Soyer and Jérôme Bailly, Deputy Chief Executive Officers, are remunerated on the basis of their employment contracts, and not on the basis of their corporate office.

Didier Hoch, Gil Beyen and the Company's directors are remunerated by a fixed annual sum (formerly directors' fees) allocated by the Board of Directors. Gil Beyen is also remunerated under his employment contract with the subsidiary Erytech Inc.

In the event of the appointment of new corporate officers or the renewal of the term of office of a corporate officer, the remuneration policy described in this report will apply to them mutatis mutandis, subject to any adjustment to their fixed, variable or exceptional remuneration and/or certain other remuneration elements decided by the Board of Directors in accordance with the profile of the persons concerned.

3.1.2.2.1. REMUNERATION POLICY FOR ALL CORPORATE OFFICERS

3.1.2.2.1.1 GENERAL PRINCIPLES

The Remuneration and Appointments Committee, whose role, operation and remit are described in section 3.1.1.2.5.2, meets at least twice a year before the Board of Directors, which reviews the fixed, variable and exceptional remuneration and benefits of executive directors, or which sets the agenda for a General Meeting called to vote on draft resolutions relating to matters within its remit.

On the recommendation of the Remuneration and Appointments Committee, the Board of Directors sets the remuneration policy for executive directors and the remuneration of each of them. This policy covers fixed, variable and exceptional remuneration, plus benefits of any kind granted by the Company in respect of their office (such as pensions, severance pay, etc.).

The level and terms of remuneration of executive officers by virtue of their office are based in particular on the necessary balance between the motivation of the management team and the general interests of the Group, and on a comparison with the remuneration levels of executive officers in comparable companies.

In formulating this policy, the Board of Directors ensures that it is consistent with the Company's corporate interests and contributes to its long-term viability and business strategy. To this end, the Remuneration and Appointments Committee conducts a market survey based on the positions held by the corporate officers in comparable companies. This market study is adjusted to take account of the Group's situation and to ensure consistency with the remuneration of other salaried executives and Group employees. This remuneration policy is established in compliance with the measures put in place by the Company to prevent conflicts of interest. The Remuneration and Appointments Committee and the Board of Directors therefore strike a fair balance between the general interests of the Group, market practices and the motivation of corporate officers.

In accordance with the second paragraph of section III of article L. 22-10-8 of the French Commercial Code, the Board of Directors reserves the right to depart from the application of the remuneration policy in exceptional circumstances.

3.1.2.2.1.2 REMUNERATION POLICY FOR EXECUTIVE OFFICERS

The total remuneration of executive officers comprises the following:

- a fixed compensation component ;
- variable compensation components, in respect of their contribution to collective annual performance;
- a long-term incentive in the form of stock options or free shares;
- other benefits, including a supplementary pension scheme and benefits in kind..

These components are precisely defined by the Board of Directors but are not made public in full for reasons of confidentiality.

The remuneration of executive directors may be paid, in whole or in part, as part of their corporate mandate; it may also be paid as part of an employment contract without payment of remuneration as part of a corporate mandate. It may also be paid under an employment contract without payment of remuneration in respect of a corporate office. Lastly, it may be paid in respect of a corporate office in the event of the pre-existence of an employment contract, which would be suspended.

FIXED COMPONENTS OF EXECUTIVE OFFICERS' REMUNERATION

The fixed part of the remuneration of executive officers is determined taking into account the level and difficulty of their responsibilities, their experience in the position, their length of service with the company and the practices observed in comparable companies, as described above.

The Board of Directors determines the fixed part of the remuneration of executive officers on an annual basis. This remuneration is payable monthly.

VARIABLE AND EXCEPTIONAL COMPONENTS OF THE REMUNERATION OF EXECUTIVE OFFICERS

On the recommendation of the Remuneration and Appointments Committee, the Board of Directors sets the variable annual remuneration of each executive officer on the basis of the level of achievement of certain quantitative financial criteria and certain qualitative performance criteria, as defined at the beginning of each financial year by the Board of Directors in line with the Group's strategy and priorities, as announced to its shareholders (for example, obtaining positive results from clinical trials, meeting

certain deadlines, obtaining certain authorisations, launching a new clinical trial, signing a partnership agreement, winning a tender or achieving a specified cash level by the end of the financial year).

For 2024, the Board of Directors meeting on 20 March 2024 set the following key objectives: the completion of financing before the end of the second quarter of 2024 for a minimum amount of €10 million, the establishment of a partnership, the reading of clinical data and the obtaining of catalysts with a high potential for long-term value creation.

Each objective is given a weighting, reflecting its strategic priority, and its degree of achievement is assessed on a scale from 0% to 150%, where 0% means that the objective has not been achieved, any other percentage means that it has been partially achieved and 100% means that the objective has been fully achieved. A level of achievement of 150% is possible in the event of exceptional performance or exceeding the target.

Variable remuneration may be paid in whole or in part :

- in cash, in which case it will be up to 40% of the fixed remuneration of Eric Soyer and up to 35% of the fixed remuneration of Jérôme Bailly received from the Group under their respective employment contracts during the current year, and up to 50% of the fixed remuneration of Gil Beyen or Thibaut du Fayet received from the Group during the current year (in the event of 100% achievement of the objectives), and/or
- in whole or in part in the form of stock options and/or free shares subject to performance criteria.

Exceptional remuneration may be granted in the event of a successful merger or acquisition, a successful financing plan or exceptional individual performance.

After the end of the financial year, the Remuneration and Appointments Committee assesses the achievement of these objectives and, on the basis of this review, the Board of Directors decides to allocate to the executive officers all or part of the variable portion, payment of which is subject to a positive vote at the next Annual General Meeting.

The potential variable remuneration of executive officers thus depends on the achievement of pre-established and/or exceptional performance criteria, particularly in relation to the Company's key milestones as set out in Chapter 1 of the Universal Registration Document (particularly section 1.5) and determined by the Board of Directors during the first quarter of each financial year.

SHARE-BASED INCENTIVES

With a view to giving its executive officers a stake in the Group's long-term results, retaining them and aligning their interests with those of the shareholders, the Company regularly grants incentives in the form of share subscription and/or purchase options and free shares with performance criteria (AGAs) to its executive officers.

The Group's long-term remuneration policy is part of an overall strategy to retain and motivate its managers and employees, and is designed to be competitive with market practices in the pharmaceutical industry.

The long-term remuneration policy in place for executive officers is based on the allocation in whole or in part of free shares and/or share subscription and/or purchase options subject to a condition of presence and, in the case of free shares, a performance condition based on share price growth. These conditions apply in the same way to all executive beneficiaries of such grants, as do the vesting and presence conditions, and the vesting and holding periods.

The definitive acquisition of some or all of the free shares and/or the exercise of some or all of the stock options granted to executive officers is subject to the Board's satisfaction of the attendance conditions and, where applicable, the performance conditions set by the Board at the time of allocation/exercise.

The sale of shares definitively acquired by executive officers is not possible during abstention periods, in accordance with the applicable legal and regulatory provisions.

Allocation and acquisition policy

In line with the long-term interests of participants, the Board of Directors introduced a two-year free share allocation plan in 2023 (compared with the previous five-year plan).

At its meetings on 14 November 2023, the Board of Directors decided, on the recommendation of the Remuneration Committee, to grant free shares to employees and executive officers (Didier Hoch, Thibaut du Fayet, Jérôme Bailly and Eric Soyer), some of which are subject to performance conditions (AGA). At the same meeting, stock options were granted to Gil Beyen.

Conservation policy

Furthermore, executive officers are, in accordance with the law and in accordance with the terms and conditions periodically adopted by the Board of Directors, subject to an obligation to retain a significant number of shares.

With regard to the allocation of free shares and stock options, the Board has therefore decided to set at 10% the quantity of free shares and options allocated to be kept in registered form by the executive officers until the termination of their functions.

ALLOWANCES, BENEFITS AND REMUNERATION GRANTED TO EXECUTIVE OFFICERS DUE TO THE TERMINATION OR CHANGE OF THEIR FUNCTIONS

In accordance with the "TEPA" law and the Middlenext Corporate Governance Code, the Board of Directors of May 24, 2013, August 31, 2015, November 2, 2016 and March 8, 2019 set the terms of severance pay. and in the event of a change of control granted to Mr. Gil Beyen and Mr. Jérôme Bailly due to their mandate. For Mr. Thibaut du Fayet, the Board of Directors of June 23, 2023 and November 14, 2023 set the terms of severance pay due to his mandate. For Mr. Eric Soyer, the terms of severance pay and in the event of a change of control granted are set out in his employment contract. The severance pay will not exceed one year of fixed and variable remuneration received from the Group and the Group excludes any payment of severance pay to an executive corporate officer who leaves the Company on his own initiative to exercise new functions or changes functions within the Group.

The Board of Directors meeting of November 2, 2016 also provided specific compensation for Gil Beyen in the event of a change of control occurring within two years following a free allocation of shares.

The details of this compensation are specified in section 3.1.1.2.7 of the Universal Registration Document under the heading "*agreements providing for compensation for members of the Board of Directors or employees, if they resign or are dismissed without cause real or serious or if their employment is terminated due to a public offer.*"

ADDITIONAL SOCIAL BENEFITS

The Board of Directors approved the Group's subscription to additional social benefits (Health, Welfare, Retirement) for the benefit of executive corporate officers under the same conditions as other employees in the same category. For example, the Company has subscribed to a defined contribution supplementary pension plan with AXA as part of a collective pension contract. Investment in individual accounts comes

from retirement contributions of 5% of gross salaries, capped at four times the annual social security ceiling (*refer to Table No. 11 in section 3.1.2.1.3*).

BENEFITS IN KIND

Benefits in kind consist in particular of the rental of a vehicle (including maintenance, use and insurance costs). The details of these benefits in kind appear in Table No. 2 of section 3.1.2.1.3 of the Universal Registration Document.

Mr. Thibaut du Fayet benefits from job loss insurance in the event of revocation, non-renewal of the mandate or liquidation of the Company. The severance pay authorized by the Board of Directors on June 23, 2023 remains applicable in the context of a revocation or non-renewal of mandate and may be combined with job loss insurance within the limit of twelve times the average monthly remuneration (including bonuses) actually received during the twelve months preceding the decision to revoke or the expiry of the mandate.

OTHER ADVANTAGES

Since June 24, 2016, Mr. Gil Beyen has benefited from a tax support benefit of 2,000 euros excluding tax per year. The Board of Directors of January 6, 2019 decided to authorize the modification of the tax increase benefit to 5,000 euros per year in accordance with the regulated agreements procedure then applicable.

3.1.2.2.2. REMUNERATION POLICY FOR EACH EXECUTIVE OFFICER

Remuneration policy for Thibaut du Fayet

Thibaut du Fayet was appointed Chief Executive Officer by the Board of Directors on 23 June 2023, for a term of three years ending at the close of the Annual General Meeting to be held in 2026 to approve the financial statements for the year ending 31 December 2025.

Elements of remuneration for 2024	**M. Thibaut du Fayet** **Chief Executive Officer**
Fixed annual remuneration	€270,000 in respect of his appointment as Chief Executive Officer of Phaxiam Therapeutics S.A. The Board of Directors meeting of 23 June 2023 decided that Mr Thibaut du Fayet's gross fixed annual remuneration as from 23 June 2023 would be €270,000. This amount may be increased to €290,000 depending on the level of achievement of the Chief Executive Officer's results and objectives.
Variable annual remuneration	50% of the fixed annual compensation for 2024 (excluding benefits in kind) if 100% of the targets set for 2024 are achieved. This remuneration is paid only after approval by the next Annual General Meeting. Variable remuneration is determined each year on the basis of the achievement of targets set at the beginning of the year by the Board of Directors, taking into account the recommendations made by the Remuneration and Appointments Committee. For 2024, the Board of Directors meeting of 20 March 2024 set the following objectives: to secure financing before the end of the second quarter of 2024 for a minimum of €10 million, to establish a partnership, to read clinical data and to obtain catalysts with high potential for long-term value creation.
Exceptional remuneration	Exceptional compensation may be awarded in the event of a successful merger or acquisition, a successful financing plan or exceptional individual performance.

Elements of remuneration for 2024	M. Thibaut du Fayet Chief Executive Officer
Free share grants	Allocation of free shares, in part subject to performance conditions based on the achievement of operational targets defined by the Board of Directors. Vesting period: over two years, in tranches of 50% in the first year, 25% after 18 months and 25% after the second year. Retention period: one year for the first tranche, 6 months for the second tranche and 10% of the shares allocated non-transferable until the end of the functions.
Indemnities or benefits relating to termination or change of functions	Compensation equal to one year's remuneration (see section 3.1.1.2.7 of the Universal Registration Document) Loss of employment insurance with AXA covering 50% of annual net taxable remuneration for a compensation period of 12 months. In the event of revocation, cover is limited to 30%. The guarantee may only be invoked after a waiting period of 12 months, which may be accumulated with the above-mentioned severance pay up to a limit of twelve times the average monthly remuneration (including bonuses) actually received during the twelve months preceding the decision to dismiss or the expiry of the term of office.
Commitments and conditional rights	N/A
Compensation in respect of a non-competition clause	N/A
Benefits of any kind	Reimbursement of travel costs between Paris and Lyon and accommodation in Lyon for the first year in office.
Any other element of remuneration attributable to the office	◦ **Supplementary pension:** the Company covers the total cost of the contributions to finance the supplementary pension contract for Mr Thibaut du Fayet. These contributions correspond to 5% of Thibaut du Fayet's gross remuneration, capped at four times the annual social security ceiling. ◦ **Welfare - general scheme:** the Company covers 60% of the general welfare scheme for Thibaut du Fayet. These contributions correspond to 1.45% of gross remuneration. ◦ **Supplementary provident scheme:** the Company covers 50% of the supplementary provident scheme for Thibaut du Fayet. These contributions correspond to 0.30% of gross remuneration. ◦ **Supplementary pension scheme:** the Company covers the total cost of the contributions to finance the supplementary pension scheme for Thibaut du Fayet. These contributions correspond to 1% of gross remuneration, capped at four times the annual social security ceiling. ◦ **Mutual insurance - general scheme:** the Company covers 60% of the total monthly contribution due under the established contract for contributions to finance the general mutual insurance scheme (healthcare costs) for the benefit of Thibaut du Fayet.

Remuneration policy for Didier Hoch

The General Meeting of 23 June 2023 appointed Didier Hoch as a director for a term of three (3) years, which will expire at the end of the Ordinary General Meeting to be held in 2026 to approve the financial statements for the year ended 31 December 2025, and the Board of Directors meeting of 23 June 2023

appointed Didier Hoch as Chairman of the Board of Directors for the duration of his term of office as a member of the Board of Directors.

Elements of remuneration for 2024	Didier Hoch Chairman of the Board of Directors
Fixed remuneration for his office as Chairman of the Board of Directors	€50,000
Variable annual remuneration	N/A
Remuneration for committee membership	N/A
Free share grants	Allocation of free shares, in part subject to performance conditions based on the achievement of operational targets defined by the Board of Directors. Vesting period: over two years, in tranches of 50% in the first year, 25% after 18 months and 25% after the second year. Retention period: one year for the first tranche, 6 months for the second tranche and 10% of the shares allocated non-transferable until the end of the functions.
Indemnities or benefits relating to termination or change of functions	N/A
Commitments and conditional rights	N/A
Compensation in respect of a non-competition clause	N/A

Remuneration policy for Gil Beyen

Following his resignation as Chief Executive Officer with effect from 23 June 2023, Gil Beyen was appointed Vice-Chairman of the Board of Directors by the Board of Directors on 23 June 2023 for the duration of his directorship. Gil Beyen will remain Chairman of Erytech Pharma Inc.

Elements of remuneration for 2024	M. Gil Beyen Chief Executive Officer
Fixed remuneration for his directorship	€40,000
Fixed annual remuneration for other functions	$170,647 under his employment contract with Erytech Inc. Following the end of Gil Beyen's term of office as Chief Executive Officer, the Board of Directors meeting of 23 June 2023 decided that he would continue to serve as Chairman of Erytech Pharma Inc. at 50% of his previous level of remuneration in the United States.
Variable annual remuneration	50% of the fixed annual remuneration for 2024 (excluding benefits in kind) if 100% of the targets set for 2024 are achieved. Variable remuneration is determined each year on the basis of the achievement of objectives set at the beginning of the financial year by the Board of Directors, in the light of recommendations made by the Remuneration and Appointments Committee. For 2024, these criteria relate to securing financing before the end of the second quarter of 2024 for a minimum of €10 million, setting up a partnership, reading clinical data and obtaining catalysts with high potential for creating long-term value.
Exceptional remuneration	Exceptional compensation may be awarded in the event of a successful merger or acquisition, a successful financing plan or exceptional individual performance.
Grants of stock subscription or purchase options	Allocation of subscription options subject to presence conditions, acquired in one-third increments over three years
Free share grants	Allocation of free shares, in part subject to performance conditions based on the achievement of operational targets defined by the Board of Directors. Vesting period: over two years, in tranches of 50% in the first year, 25% after 18 months and 25% after the second year. Retention period: one year for the first tranche, 6 months for the second tranche and 10% of the shares allocated non-transferable until the end of the functions.
Indemnities or benefits relating to termination or change of functions	Compensation equal to one year's remuneration (see section 3.1.1.2.7 of the Universal Registration Document)
Commitments and conditional rights	N/A
Compensation in respect of a non-competition clause	N/A
Benefits of any kind	Tax assistance service for up to €5,000 a year
Any other element of remuneration attributable to the office	Gil Beyen receives from Erytech Pharma Inc.: ◦ **a retirement savings plan (401(k) plan):** Erytech Pharma Inc. contributes 3% of its gross compensation to the Company's 401(k) plan ◦ **Other benefits:** Erytech Pharma Inc. covers all or part of the costs relating to the following insurances: BCBS medical cover, dental, optical, short and long term disability, death insurance, accidental death insurance, employee assistance programme, travel assistance.

Deputy Chief Executive Officers Eric Soyer and Jérôme Bailly

Jérôme Bailly

At its meeting on 23 June 2023, the Board of Directors confirmed the appointment of Jérôme Bailly as Deputy Chief Executive Officer of the Company for a term of three (3) years, i.e. until the meeting of the Board of Directors to be held after the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2025 in 2026.

Jérôme Bailly is not remunerated in his capacity as Deputy Chief Executive Officer but under his permanent employment contract. With regard to notice periods and the applicable conditions for revocation or termination, the employment contract provides that it may be terminated by either party, subject to a three-month notice period in accordance with the provisions of the law and collective bargaining agreements.

At its meeting on 21 September 2023, the Board of Directors authorised an amendment to Jérôme Bailly's employment contract, in accordance with the regulated agreements procedure applicable at the time, increasing his gross fixed annual remuneration to 178,500 euros, payable over 12 months.

Eric Soyer

At its meeting on 23 June 2023, the Board of Directors confirmed Mr Eric Soyer in his role as Deputy Chief Executive Officer of the Company for a term of three (3) years, i.e. until the Board of Directors' meeting to be held after the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2025 in 2026.

At its meeting on 6 January 2019, the Board decided that the Deputy Chief Executive Officer would not receive any remuneration in respect of his office, apart from the reimbursement of representation and travel expenses, subject to justification.

Eric Soyer is remunerated under his permanent employment contract. With regard to notice periods and the applicable conditions for revocation or termination, the employment contract provides that Eric Soyer and the Company may both terminate the employment contract in accordance with the legal provisions and collective bargaining agreements in force.

3.1.2.2.3 DIRECTOR'S REMUNERATION POLICY

The term of office of directors is three (3) years; they end at the end of the meeting of the Ordinary General Meeting called to rule on the accounts for the past financial year and held in the year during which their mandate expires.

Decision process followed for its determination, review and implementation

The amount of the annual envelope is granted by the General Meeting of Shareholders, the decision of the General Meeting of Shareholders dated June 26, 2020 set this amount at 425,000 euros, from the 2020 financial year. This decision applies for the following financial years until further decision.

The rules for distributing this envelope among the directors are decided, revised and implemented by decision of the Board of Directors on the basis of the recommendations of the Remuneration and Nomination Committee.

Criteria for distribution of the annual fixed sum allocated by the General Meeting to directors

In accordance with the rules adopted by the Board of Directors on January 6, 2019 based on the recommendations of the Remuneration and Nomination Committee, remuneration is calculated taking

into account (i) the participation of each member on the Board of Directors and (ii) the time devoted by each person to their functions.

For the year 2024, the Board of Directors of March 20, 2024, on the recommendation of the Remuneration and Nomination Committee of March 13, 2024, distributed the overall amount of compensation downwards compared to the previous financial year as follows:

Fixed annual remuneration:

- Chairman of the Board of Directors: €50,000
- Members of the Board of Directors: €40,000

Chairing or serving as a member of a Board committee will not be remunerated. It is specified that directors representing investment funds will not be able to claim payment of remuneration in respect of their mandate as director.

Allocation of share subscription warrants

As part of the Company's remuneration policy, directors are granted subscription warrants, the subscription price of which corresponds to the fair market value. For the 2024 financial year, the Company wishes to continue to grant share subscription warrants to its directors as part of its incentive policy for its corporate officers.

3.1.3 PROCEDURE FOR EVALUATION OF COMMON CONVENTIONS

In accordance with the new obligations arising from the Pacte law, the Board of Directors, during its meeting of March 12, 2020, updated its internal policy relating to transactions with a related person to put in place a procedure to regularly assess whether agreements relating to current operations and concluded under normal conditions meet these conditions.

This procedure is based on the assessment carried out by the Company's Legal Manager and is monitored at least once a year by the Company's Audit Committee.

In accordance with the provisions of article L. 22-10-12 of the Commercial Code, persons directly or indirectly interested in the agreement in question will not participate in its examination.

3.2. TRANSACTIONS WITH RELATED PARTIES

The regulated agreements existing to date are mentioned in the special reports of the auditor presented below.

Since the close of the financial year ending December 31, 2023, the Board of Directors has not authorized any new regulated agreements.

Note 5 of the appendix to the consolidated accounts under IFRS standards details the related parts of section 5.3 of the Universal Registration Document.

3.2.1. INTRA-GROUP TRANSACTIONS

During the year ended 31 December 2023, the Company entered into the following agreement with its subsidiary ERYTECH Pharma Inc:

- Business Services Agreement with effect from 1 July 2023 to provide the Company with operational services (regulatory, financial support, project management).

The following agreements with ERYTECH Pharma Inc have been terminated with effect from June 30, 2023:

- Services Agreement dated December 17, 2019, with effect from January 1, 2019, for the provision of support services (IT, human resources and management) for ERYTECH Pharma Inc;
- Business Services Agreement dated December 17, 2019, with effect from January 1, 2019, for the provision of operational services (including clinical development services) for the benefit of the Company, and its amendment no. 1 dated November 28, 2022;
- Supply Agreement dated December 17, 2019 with effect from January 1, 2019 for the supply of raw materials to ERYTECH Pharma Inc; and
- Supply Agreement dated December 17, 2019 with effect from January 1, 2019 for the supply of raw materials to the Company.

3.2.2. RELATED PARTY TRANSACTIONS: STATUTORY AUDITOR'S SPECIAL REPORT ON REGULATED AGREEMENTS - YEAR ENDED DECEMBER 31, 2023

KPMG SA
51 rue de Saint Cyr
69009 Lyon

RSM Paris
26 Rue Cambacérès
75008 Paris

PHAXIAM THERAPEUTICS S.A.

Special report of the statutory auditors on regulated agreements

Financial year ended December 31, 2023

PHAXIAM THERAPEUTICS S.A.

60 Avenue Rockefeller
69008 Lyon

PHAXIAM THERAPEUTICS S.A.

60 Avenue Rockefeller – 69008 Lyon

Special report of the statutory auditors on regulated agreements

Financial year ending 31 December 2023

To the General Meeting of PHAXIAM THERAPEUTICS..,

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements.

Our responsibility is to inform you, on the basis of the information provided to us, of the terms and conditions of agreements that have been disclosed to us or that we may have discovered in the course of our work, without commenting on their relevance or substance or on the existence of other agreements. It is your responsibility, under the terms of Article R.225-31 of the Commercial Code, to evaluate the benefits resulting from these agreements prior to their approval.

It is also our responsibility, where applicable, to provide you with the information required by Article R.225-31 of the French Commercial Code relating to the performance during the year of agreements already approved by the General Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes (CNCC) relating to this type of engagement. These procedures consisted in verifying that the information given to us agrees with the source documents from which it has been extracted.

Agreements submitted to the General Meeting for approval

Agreements authorised and entered into during the past financial year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements entered into during the past financial year which were authorised by your Board of Directors.

a. Remuneration

Concerned person :

Mr Thibaut du FAYET, Chief Executive Officer of the Company.

Nature and purpose:

Setting the gross fixed and variable annual remuneration for Mr Thibaut du Fayet in his capacity as Chief Executive Officer with effect from 23 June 2023. This agreement was authorised by the Board of Directors on 23 June 2023.

Terms:

The expenses incurred by the Company in respect of the remuneration of Mr Thibaut du Fayet for the 2023 financial year amount to 309,621.58 euros.

b. Severance pay

Concerned person :

Mr Thibaut du FAYET, Chief Executive Officer of the Company.

Nature and purpose:

Severance pay authorised by the Board of Directors on 23 June 2023:

- on expiry of the term of office, except in the event of renewal refused by Mr Thibaut du Fayet, and
- in the event of removal from office, except for serious misconduct or gross negligence.

Mr Thibaut du FAYET will be entitled to a termination payment equal to :

- twelve times the average monthly remuneration, including bonuses, actually received during the twelve months preceding the revocation or expiry of the contract
- or the fixed annual remuneration determined by the Board of Directors in the event of removal from office within twelve months of the appointment of Mr Thibaut du FAYET.

The payment of this indemnity would be subject to the achievement of the following performance conditions:

- compliance with the Company's expenditure budget and,
- at least one of the following two conditions:
  - an existing collaboration or licensing agreement,
  - a product in active clinical development by the Company.

Terms:

No expense was recognised in this respect by your Company during the 2023 financial year.

c. Benefits and costs

Concerned person :

Mr Thibaut du FAYET, Chief Executive Officer of the Company.

Nature and purpose:

On 23 June 2023, your Board of Directors authorised the Company to pay certain benefits and costs for the benefit of Mr Thibaut du Fayet, as shown in the table below, expressed in euros.

Terms:

Expenses incurred in 2023 (in euros)	
APGIS contractual company provident scheme (PRC)	1 174.44
Supplementary pension scheme (VIVENS)	1 242.00
Supplementary retirement (AXA)	4 399.20
Mutual insurance (general healthcare costs scheme)	0

d. Unemployment insurance

Concerned person :

Mr Thibaut du FAYET, Chief Executive Officer of the Company.

Nature and purpose:

On 14 November 2023, your Board of Directors authorised Mr Thibaut du Fayet to enter into an unemployment insurance contract with AXA. Under the terms of this agreement, the Company would take out cover for 50% of the Chief Executive Officer's net annual taxable remuneration for a compensation period of 12 months. In the event of dismissal, the guarantee is limited to 30% of the net annual taxable remuneration declared by the executive. The guarantee may only be invoked after a 12-month waiting period has elapsed.

The severance payment authorised by the Board of Directors on 23 June 2023 remains applicable in the event of dismissal or non-renewal of a term of office and may be combined with the insurance cover for loss of employment up to a limit of twelve times the average monthly remuneration (including bonuses) actually received during the twelve months preceding the decision to dismiss or the expiry of the term of office.

Terms:

No expense was recognised in this respect by your Company during the 2023 financial year.

Agreements already approved by the General Meeting

Agreements approved in prior years

A) Continued during the past financial year

In accordance with Article R225-30 of the French Commercial Code, we have been advised that the following agreements, which were approved by the Annual General Meeting in prior years, remained in force during the year.

a. Benefits and costs

Concerned person :

Jérôme BAILLY, Deputy Chief Executive Officer of the Company

Nature and purpose:

Your Supervisory Board meeting of 24 January 2013 and your Board of Directors meeting of 24 May 2013 authorised the Company to pay certain services and expenses for the benefit of Mr Jérôme BAILLY, as shown in the table below, expressed in euros.

Terms:

Expenses incurred in 2023 (in euros)	
APGIS contractual company provident scheme (PRC)	2 135.12
Supplementary pension scheme (VIVENS)	1 618.92
Supplementary retirement (AXA)	8 798.40

b. Directors' and officers' (D&O) liability insurance

Concerned person :

- Gil BEYEN, Vice-Chairman of the Company's Board of Directors
- Eric SOYER, Deputy Chief Executive Officer of the Company
- Jérôme BAILLY, Deputy Chief Executive Officer of the Company
- Philippe ARCHINARD, Director of the Company
- Martine GEORGE, Director of the Company
- Luc DOCHEZ, Director of the Company
- Hilde WINDELS, representative of BVBA Hilde WINDELS, director of the Company
- Sven ANDREASSON, representative of GALENOS Sprl, director of the Company
- Jean-Paul KRESS, Chairman of the Board of Directors
- Mélanie ROLLI, Director of the Company
- Didier HOCH, Chairman of the Board of Directors
- GO capital, Director of the Company
- Robert SEBBAG, Director of the Company
- Eric LEIRE, Director of the Company

Nature and purpose:

With effect from 23 October 2017, the Company has entered into a directors' and officers' (D&O) liability insurance contract with AON, the leading insurance company, authorised by the Board of Directors on 12 March 2020 for Mélanie ROLLI, on 15 May 2023 for Didier HOCH and GO CAPITAL, on 23 June 2023 for Robert SEBBAG and Eric LEIRE and on 7 September 2017 for the other persons.

Terms:

The expense incurred in respect of the 2023 financial year cannot be divided individually between each officer and/or director and the amount mentioned corresponds to the full amount of the insurance policy, i.e. 1,869,269.76 euros, for all the persons concerned.

c. Remuneration

Concerned person :

Jérôme BAILLY, Deputy Chief Executive Officer of the Company

Nature and purpose:

Amendment to the gross fixed annual remuneration under Mr Jérôme BAILLY's employment contract with effect from 1 January 2019. This agreement was authorised by the Board of Directors on 6 January 2019.

Terms:

The expenses incurred by the Company in respect of Mr Jérôme BAILLY's remuneration for the 2023 financial year amount to 245,422.70 euros.

d. Employment contracts with PHAXIAM THERAPEUTICS S.A. and ERYTECH PHARMA Inc.

Concerned person :

Gil BEYEN, Vice-Chairman of the Company's Board of Directors

Nature and purpose:

Employment contract with PHAXIAM THERAPEUTICS S.A. authorized by the Board of Directors on March 8, 2019. This was amended by the Board of Directors on June 23, 2023.

Employment contract with Erytech Pharma Inc. authorized by the Board of Directors on May 3, 2019.

Terms:

The annual remuneration relating to the employment contracts with PHAXIAM THERAPEUTICS S.A. and Erytech Pharma Inc. amounts to 657,202.42 euros (92,261.54 euros and 611,040.03 USD) in respect of the 2023 financial year.

e. 401-K retirement savings plan

Concerned person :

Gil BEYEN, Vice-Chairman of the Company's Board of Directors

Nature and purpose:

Contribution by your subsidiary Erytech Inc. of 3% of Mr Gil BEYEN's gross compensation to the Company's 401-K plan, authorized by the Board of Directors on March 8, 2019.

Terms:

The expense incurred in respect of 2023 amounts to 9,153.11 euros ($9,900).

f. Benefits and costs

Concerned person :

Gil BEYEN, Vice-Chairman of the Company's Board of Directors

Nature and purpose:

On March 8, 2019, your Board of Directors authorized the Company to pay certain benefits and expenses to Gil BEYEN as shown in the table below, expressed in euros.

Terms:

Expenses incurred in 2023 (in euros)	
APGIS contractual company provident scheme (PRC)	802.65
Supplementary pension scheme (VIVENS)	809.47
Supplementary retirement (AXA)	4 399.20

g. Other benefits

Concerned person :

Gil BEYEN, Vice-Chairman of the Company's Board of Directors

Nature and purpose:

Authorization by the Board of Directors on March 8, 2019 for ERYTECH Pharma Inc. to assume certain health, dental, short-term disability, long-term disability, life, accidental death, travel accident, travel assistance and vision insurance costs.

Terms:

The expenses incurred by the Company under the agreement for the 2023 financial year amount to 24,917.20 euros ($26,950.44).

h. Remuneration

Concerned person :

Eric SOYER, Deputy Chief Executive Officer of the Company

Nature and purpose:

Gross fixed annual remuneration under Mr Eric SOYER's employment contract with effect from 1 January 2019.

Terms:

The expenses incurred by the Company under this agreement for the 2023 financial year amount to 459,146.90 euros.

i. Benefits and costs

Concerned person :

Eric SOYER, Deputy Chief Executive Officer of the Company

Nature and purpose:

On March 8, 2019, your Board of Directors authorized the Company to pay certain benefits and expenses to Mr. Éric SOYER as shown in the table below, expressed in euros.

Expenses incurred in 2023 (in euros)	
APGIS contractual company provident scheme (PRC)	3 061.80
Supplementary pension scheme (VIVENS)	1 618.92
Supplementary retirement (AXA)	8 798.40

B) not executed during the year

In addition, we have been informed of the following agreements, already approved by the General Meeting in previous years, which were not performed during the year.

a. Indemnity agreements (guarantee contract)

Concerned person :

- Gil BEYEN, Vice-Chairman of the Company's Board of Directors
- Eric SOYER, Deputy Chief Executive Officer of the Company
- Jérôme BAILLY, Deputy Chief Executive Officer of the Company
- Philippe ARCHINARD, Director of the Company
- Martine GEORGE, Director of the Company

- Luc DOCHEZ, Director of the Company
- Hilde WINDELS, representative of BVBA Hilde WINDELS, director of the Company
- Sven ANDREASSON, representative of GALENOS Sprl, director of the Company
- Jean-Paul KRESS, Chairman of the Board of Directors
- Mélanie ROLLI, Director of the Company
- Didier HOCH, Chairman of the Board of Directors
- GO capital, Director of the Company
- Robert SEBBAG, Director of the Company
- Eric LEIRE, Director of the Company

Nature and purpose:

Indemnity agreement authorized by the Board of Directors on March 12, 2020 for Mrs. ROLLI, on January 6, 2019 for Mr. SOYER, on May 15, 2023 for Mr. HOCH and GO CAPITAL, on June 23, 2023 for Mr. SEBBAG and, Mr. LEIRE and on November 6, 2017 for the other persons.

The contract provides directors and officers with liability coverage and advances of expenses in respect of any matter arising from the performance of their duties in the service of the Company.

Terms:

No expense was recognised in this respect by your Company during the 2023 financial year.

b. Change of control indemnity

Concerned person :

Jérôme BAILLY, Deputy Chief Executive Officer of the Company

Nature and purpose:

Indemnity in the event of a change of control authorised by the Board of Directors on 31 August 2015.

This indemnity is not cumulative with the severance agreement authorised by the Board of Directors on 31 August 2015.

Mr Jérôme BAILLY will receive a lump-sum payment equal to 12 times his average monthly remuneration calculated on the basis of the remuneration received (including variable remuneration) during the 12 months preceding his departure, if in the 12 months following the change of control of your company, characterised by the acquisition of more than 50% of the voting rights, Mr Jérôme BAILLY :

- Is dismissed, subject to serious or gross misconduct,
- Benefits from a homologated conventional termination of his employment contract, whether initiated by the company or the employee,
- Resigns, provided that such resignation is the result of a downgrading by the Company, its acquirer or one of its subsidiaries, or the refusal by the employee of an offer of employment with less responsibility and/or less remuneration than the employment held prior to the change of control.

The payment of this indemnity would be subject to the achievement of the following performance conditions:

- compliance with the Company's expenditure budget and,
- at least one of the following two conditions:
  - an existing collaboration or licensing agreement,
  - a product in active clinical development by the Company.

Terms:

No expense was recognised in this respect by your Company during the 2023 financial year.

c. Specific indemnity paid in the event of a change of control occurring within two years of the allocation of free shares

Concerned person :

Jérôme BAILLY, Deputy Chief Executive Officer of the Company

Nature and purpose:

Specific indemnity in the event of a change of control occurring within two years of the allocation of free shares to Jérôme BAILLY authorised by the Board of Directors on 2 November 2016.

This indemnity was set up to compensate, in the event of a merger and acquisition taking place within 24 months of the allocation of the free shares, for any loss of remuneration in the event of the cancellation of the free shares allocated or the possible loss of preferential tax treatment on the sale of the said shares.

Terms:

No expense was recognised in this respect by your Company during the 2023 financial year.

d. Severance pay

Concerned person :

Jérôme BAILLY, Deputy Chief Executive Officer of the Company

Nature and purpose:

Severance pay, authorized by the Board of Directors on August 31, 2015 (Jérôme BAILLY), in the event of dismissal for any reason except serious or gross misconduct.

Jérôme BAILLY will be entitled to severance pay equal to 6 months' fixed salary, plus an additional 3 months' fixed salary for each year he has been with the company, up to a maximum of 12 months' fixed salary, subject to more favorable contractual provisions.

The payment of this indemnity would be subject to the achievement of the following performance conditions:

- compliance with the Company's expenditure budget and,
- at least one of the following two conditions:
  - an existing collaboration or licensing agreement,
  - a product in active clinical development by the Company.

Terms:

No expense was recognised in this respect by your Company during the 2023 financial year.

e. Severance pay

Concerned person :

Gil BEYEN, Vice-Chairman of the Board of Directors of the Company

Nature and purpose:

Severance pay, authorized by the Board of Directors on March 8, 2019 following the agreement authorized by the Board of Directors on May 24, 2013, which defined the compensation that would be paid to Mr. Gil BEYEN in the event of his departure.

In the following cases,

- expiry of term of office (unless renewal is refused by the employee concerned),
- dismissal (except for gross misconduct or misconduct within the meaning of the case law of the Social Division of the French Supreme Court),

Gil BEYEN will be entitled to compensation equal to :

- twelve times the average monthly remuneration (including bonuses) actually received during the twelve months preceding the decision to dismiss him or the expiry of his term of office, or,
- the fixed annual remuneration defined by the Board of Directors, in the event of dismissal within twelve months of Gil BEYEN's appointment.

The payment of this indemnity would be subject to the achievement of the following performance conditions:

- compliance with the Company's expenditure budget and,
- at least one of the following two conditions:
  - an existing collaboration or licensing agreement,
  - a product in active clinical development by the Company.

This indemnity will still be paid by the Company in the event of expiry of the term or termination of the position.

This indemnity will also be paid by ERYTECH Pharma Inc. in the event of the expiry of Mr. Gil BEYEN's term of office or the termination of his position within ERYTECH Pharma Inc.

Terms:

No expense was recognised in this respect by your Company during the 2023 financial year.

f. Change of control indemnity

Concerned person :

Gil BEYEN, Vice-Chairman of the Board of Directors of the Company

Nature and purpose:

Indemnity in the event of a change of control authorized by the Board of Directors on March 8, 2019, following the agreement authorized by the Board of Directors on August 31, 2015 which defined the indemnities that would be paid to Mr. Gil BEYEN in the event of a change of control.

Mr. Gil BEYEN will receive a lump-sum compensation equal to 12 times his average monthly remuneration calculated on the basis of remuneration received (including variable remuneration) during the 12 months prior to his departure, if in the 12 months following the change of control of your company, characterized by the acquisition of more than 50% of the voting rights, Mr. Gil BEYEN :

- is dismissed (unless dismissal is for serious misconduct or gross misconduct, as defined in the case law of the social chamber of the French Supreme Court),
- resigns, provided that such resignation is the result of a downgrading by the Company, its acquirer or one of its subsidiaries, or the refusal by the employee of an offer of employment with less responsibility and/or less remuneration than the employment held prior to the change of control.

The payment of this indemnity would be subject to the same performance conditions as those governing the payment of the severance indemnity authorized by the Board of Directors on May 24, 2013, namely:

- compliance with the Company's expenditure budget and,
- at least one of the following two conditions:
  - an existing collaboration or licensing agreement,
  - a product in active clinical development by the Company.

This indemnity would still be paid in the event of Mr. Gil BEYEN's resignation or the termination of his position.

This indemnity will also be paid by ERYTECH Pharma Inc. in the event of expiry of Mr. Gil BEYEN's term or termination of his position with ERYTECH Pharma Inc. (pro rata to the compensation paid by ERYTECH Pharma Inc.).

Terms:

No expense was recognised in this respect by your Company during the 2023 financial year.

g. Specific indemnity paid in the event of a change of control occurring within two years of the allocation of free shares

Concerned person :

Gil BEYEN, Vice-Chairman of the Board of Directors of the Company

Nature and purpose:

Specific indemnity in the event of a change of control occurring within two years of the allocation of free shares to Gil BEYEN, authorized by the Board of Directors on March 8, 2019.

This indemnity has been set up to compensate, in the event of a merger-acquisition occurring within 24 months of the allocation of the free shares, for any loss of remuneration in the event of cancellation of the free shares allocated, or any loss of preferential tax treatment on the sale of said shares.

If, in the 24 months following the allocation of the free shares, a transaction occurs whereby at least 50% of the Company's voting rights are held by a single person or a group of persons acting in concert, then :

- if the free shares allocated to Mr Gil BEYEN were to be cancelled by virtue of the change of control, Mr Gil BEYEN would receive a lump-sum payment, the amount of which would be determined so that the net amount after deduction of social security contributions and income tax (at a fixed rate of 35%) is equal to the net amount after deduction of social security contributions

and income tax (at a fixed rate of 35%) that he would have received if he had sold the said shares on the date of the change of control and benefited from the social security and tax treatment applicable to capital gains on the sale of shares;

- if the free shares allocated to Mr. Gil BEYEN were to be sold, Mr. Gil BEYEN would receive a lump-sum payment equal to the difference between the amount net of tax that Mr. Gil BEYEN would have received if he had benefited, at the date of sale of said shares, from the more favorable social and tax regime and the amount net of tax actually received by Mr. Gil BEYEN on the sale of said free shares (assuming an effective income tax rate of 35%).

Terms:

No expense was incurred under this agreement in the year ended December 31, 2023.

h. Training convention

Concerned person :

Jérôme BAILLY, Deputy Chief Executive Officer of the Company

Nature and purpose:

Training convention for the benefit of Mr Jérôme BAILLY authorized by the Annual General Meeting of June 27, 2017.

Terms:

No expense was recognised in this respect by your Company during the 2023 financial year.

i. Tax assistance

Concerned person :

Gil BEYEN, Vice-Chairman of the Board of Directors of the Company

Nature and purpose:

Change in the amount of the tax assistance service authorized by the Board of Directors on January 6, 2019. This contract had been signed with Delsol law firm for the benefit of Mr. Gil BEYEN and authorized by the Board of Directors on June 24, 2016.

Terms:

No expense was recognised in this respect by your Company during the 2023 financial year.

Statutory auditors

Lyon and Paris, April 5, 2024

For KPMG S.A.	For RSM Paris
Stéphane Devin	Jean-Charles Boucher
Partner	Partner

3.3. PARTICIPATION OF EMPLOYEES WHO ARE NOT OFFICERS OF THE COMPANY

The Company's employees do not hold any shares under the schemes referred to in Article L. 225-102 of the French Commercial Code.

On the basis of the composition of the share capital and the dilutive elements existing at the date of the financial year ending 31 December 2023, the shareholdings held by non-executive employees in a personal and individual capacity can be summarised as follows. The table below takes into account the reverse share split carried out on 18 September 2023.

Types of shares held by employees who are not executive officers[1]	Number of shares originally granted	Number of free shares cancelled (lapse)	Options exercised / Warrants exercised	AGA shares definitively acquired	Number of remaining dilutive shares (total dilution)
Ordinary shares held in registered form	**765**				
AGA	**170,138**	**44,311**	**—**	**1,560**	**124,267**
AGA$_{2019}$	**22,698**	**16,732**	**—**	**1,560**	**4,406**
AGA$_{2019\text{-}09102019}$	17,715	12,943	—	1,140	3,632
AGA$_{2019\text{-}25022020}$	4,983	3,789	—	420	774
AGA$_{2020}$	**20,120**	**14,194**	**—**	**—**	**5,926**
AGA$_{2020\text{-}28072020}$	15,060	10,614	—	—	4,446
AGA$_{2020\text{-}04062021}$	5,060	3,580	—	—	1,480
AGA$_{2021}$	**19,120**	**13,385**	**—**	**—**	**5,735**
AGA$_{2021\text{-}27072021}$	13,415	9,865	—	—	3,550
AGA$_{2021\text{-}16122021}$	5,705	3,520	—	—	2,185
AGA$_{2023}$	**108,200**	**—**	**—**	**—**	**108,200**
AGA$_{2023\text{-}14112023}$	108,200	—	—	—	108,200
BSA$_{2014}$[2]	**3,000**	**—**	**100**	**—**	**2,900**
BSPCE[2]	**154,361**	**21,456**	**2,711**	**—**	**130,194**
BSPCE$_{2014}$[2]	**9,100**	**1,090**	**1,500**	**—**	**6,510**
BSPCE$_{2017}$	**6,691**	**5,118**	**—**	**—**	**1,573**
BSPCE$_{2017\text{ - Ex-Pherecydes}}$	6,691	5,118	—	—	1,573
BSPCE$_{2019}$	**10,890**	**6,824**	**360**	**—**	**3,706**
BSPCE$_{2019\text{ I - Ex-Pherecydes}}$	10,890	6,824	360		3,706
BSPCE$_{2020}$	**20,624**	**7,500**	**562**	**—**	**12,562**
BSPCE$_{2020\text{ I - Ex-Pherecydes}}$	10,312	3,750	562	—	6,000
BSPCE$_{2020\text{ III - Ex-Pherecydes}}$	10,312	3,750	—	—	6,562
BSPCE$_{2021}$	**107,056**	**924**	**289**	**—**	**105,843**
BSPCE$_{2021\text{-I - Ex-Pherecydes}}$	42,933	375	289	—	42,269
BSPCE$_{2021\text{-III - Ex-Pherecydes}}$	6,749	422	—	—	6,327
BSPCE$_{2021\text{-IV - Ex-Pherecydes}}$	57,374	127	—	—	57,247
S.OP	**141,575**	**88,477**	**—**	**—**	**53,098**
S.OP$_{2016}$	**9,549**	**7,050**	**—**	**—**	**2,499**
S.OP$_{2016\text{-}03102016}$	9,549	7,050	—	—	2,499

Types of shares held by employees who are not executive officers[1]	Number of shares originally granted	Number of free shares cancelled (lapse)	Options exercised / Warrants exercised	AGA shares definitively acquired	Number of remaining dilutive shares (total dilution)
S.OP$_{2017}$	**11,933**	**8,386**	**—**	**—**	**3,547**
S.OP$_{2017\text{-}27062017}$	2,220	900	—	—	1,320
S.OP$_{2017\text{-}07012018}$	9,713	7,486	—	—	2,227
S.OP$_{2018}$	**9,668**	**7,946**	**—**	**—**	**1,722**
S.OP$_{2018\text{-}06012019}$	3,801	3,509	—	—	292
S.OP$_{2018\text{-}12042019}$	5,867	4,437	—	—	1,430
S.OP$_{2019}$	**28,420**	**19,770**	**—**	**—**	**8,650**
S.OP$_{2019\text{-}09102019}$	24,225	16,125	—	—	8,100
S.OP$_{2019\text{-}25022020}$	4,195	3,645	—	—	550
S.OP$_{2020}$	**29,600**	**20,150**	**—**	**—**	**9,450**
S.OP$_{2020\text{-}28072020}$	23,900	15,100	—	—	8,800
S.OP$_{2020\text{-}04062021}$	5,700	5,050	—	—	650
S.OP$_{2021}$	**38,405**	**25,175**	**—**	**—**	**13,230**
S.OP$_{2021\text{-}27072021}$	25,605	17,325	—	—	8,280
S.OP$_{2021\text{-}16122021}$	12,800	7,850	—	—	4,950
S.OP$_{2023}$	**14,000**	**—**	**—**	**—**	**14,000**
S.OP$_{2023\text{-}14112023}$	14,000	—	—	—	14,000
Total	**469,074**	**154,244**	**2,811**	**1,560**	**310,459**

(1) This table does not take into account any shares allocated to Eric Soyer, Deputy Chief Executive Officer, whether in his capacity as an employee (prior to his appointment in January 2019) or as a corporate officer.

(2) The figures for these instruments are presented in numbers of shares and not in numbers of warrants. Each exercised warrant entitles the holder to 10 ordinary shares in the Company.

3.4. PROVISIONS OF THE BYLAWS RELATING TO THE GOVERNANCE OF THE COMPANY

3.4.1. BOARD OF DIRECTORS

3.4.1.1. APPOINTMENT/REVOCATION OF DIRECTORS

The Company is managed by a Board of Directors comprising a minimum of three members and a maximum of eighteen members, subject to the derogation provided for by law in the event of a merger.

The Board of Directors is composed with the aim of achieving a well-balanced representation of men and women.

During the life of the Company, directors are appointed, reappointed or dismissed by the Ordinary General Meeting. They may always be re-elected.

Directors are appointed for a term of three (3) years, expiring at the close of the Ordinary General Meeting called to approve the accounts for the previous financial year and held in the year in which their term of office expires.

No person may be appointed as a director if, having exceeded the age of seventy-five, his appointment would result in more than one third of the members of the Board having exceeded that age. When this limit is exceeded, the oldest director is deemed to have resigned automatically. A director under legal protection is also deemed to have resigned automatically.

Directors may or may not be shareholders of the Company.

An employee of the Company may only be appointed as a director if his or her contract of employment corresponds to actual employment. The number of directors bound to the Company by an employment contract may not exceed one third of the directors in office.

3.4.1.2. DIRECTOR - LEGAL PERSON

Directors may be natural persons or legal entities. In the latter case, upon appointment, the legal entity is required to appoint a permanent representative who is subject to the same conditions and obligations and incurs the same civil and criminal liability as if he were a director in his own name, without prejudice to the joint and several liability of the legal entity he represents. The permanent representative of a legal entity who is a director is subject to the age conditions applicable to individual directors.

The mandate of the permanent representative appointed by the legal entity appointed as director is given for the duration of the latter's term of office.

If the legal entity dismisses its permanent representative, it must notify the Company of this dismissal and of the identity of its new permanent representative without delay by registered letter. The same applies in the event of the death or resignation of the permanent representative.

The appointment of the permanent representative and the termination of his term of office are subject to the same publication formalities as if he were a director in his own name.

3.4.1.3. VACANCY, DEATH, RESIGNATION

In the event of a vacancy arising from the death or resignation of one or more directors, the Board of Directors may, between two General Meetings, make provisional appointments.

If the number of directors falls below the legal minimum, the remaining directors must immediately call an Ordinary General Meeting to complete the Board.

Provisional appointments made by the Board are subject to ratification by the next Ordinary General Meeting. In the absence of ratification, the resolutions adopted and actions taken previously by the Board shall nevertheless remain valid.

If a director fails to attend more than four consecutive meetings of the Board of Directors, he shall be deemed to have resigned automatically.

3.4.2. ORGANISATION OF THE BOARD

The Board of Directors elects a Chairman from among its members, who must be a natural person. It determines his remuneration.

No person over the age of seventy-five may be appointed Chairman. If the Chairman in office exceeds this age, he shall be deemed to have resigned automatically. A Chairman under legal supervision shall also be deemed to have resigned automatically.

The Chairman is appointed for a term that may not exceed his term of office as director. He may be re-elected. The Board of Directors may dismiss him at any time.

The Board may also appoint a Vice-Chairman from among its individual members, who chairs Board meetings in the absence of the Chairman.

The Board may appoint, up to a maximum of two, one or more observer(s), who may or may not be a director, with no age limit.

Observers are appointed for a term of two years.

Their appointment is free of charge. The Observers are invited to attend all meetings of the Board of Directors and take part in the deliberations in an advisory capacity. The Observers perform a general advisory and supervisory role for the Board of Directors.

3.4.3. BOARD MEETINGS

The Board of Directors meets as often as the interests of the Company require, at the request of the Chairman or the Chief Executive Officer. If the Board has not met for more than two months, at least one third of the directors may ask the Chairman, who is bound by this request, to convene a meeting of the Board of Directors on a specific agenda.

Meetings are convened by any means, including verbally. Meetings are held either at the registered office or at any other location indicated in the notice of meeting.

The Board may only validly deliberate if at least half of the directors are present. Decisions are taken by a majority of the members present or represented. In the event of a tie, the Chairman of the meeting shall not have the casting vote.

In accordance with the provisions of the internal regulations established by the Board of Directors, directors who take part in the Board meeting by videoconference or other means of telecommunication enabling participants to be identified and guaranteeing their effective participation, in accordance with the regulations in force, are deemed to be present for the purposes of calculating the quorum and majority.

This provision does not apply to the preparation of the annual financial statements, the consolidated financial statements, the management report and the Group management report. The Board of Directors may also take decisions by written consultation of the directors under the conditions laid down by law.

3.4.4. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors determines the direction of the Company's business and oversees its implementation, in accordance with its corporate interests, taking into account the social and environmental issues related to its activity. Subject to the powers expressly attributed by law to Shareholders' Meetings and within the limits of the Company's objects, the Board deals with all matters relating to the proper operation of the Company and settles the matters that concern it through its deliberations.

In its dealings with third parties, the Company is bound even by acts of the Board of Directors that do not fall within the scope of the Company's objects, unless it can prove that the third party knew that the act exceeded those objects or could not have been unaware thereof in the circumstances, it being excluded that publication of the bylaws alone is sufficient to constitute such proof.

The Board of Directors performs the controls and verifications it deems appropriate. Each director may request all documents and information necessary for the performance of his duties.

The Board of Directors may decide to set up study committees to examine issues submitted to it by the Board of Directors or its Chairman.

The Board of Directors may also make any amendments to the bylaws to bring them into line with legislative and regulatory provisions, subject to ratification of these amendments by the next General Meeting.

3.4.5. EXECUTIVE MANAGEMENT

3.4.5.1. TERMS AND CONDITIONS

Executive management is the responsibility of a natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer. This individual may be the Chairman of the Board of Directors.

The Board of Directors chooses between these two methods of exercising general management.

The Board's decision as to which form of executive management is to be exercised is taken by a majority of the directors present or represented. Shareholders and third parties are informed of this choice in accordance with current regulations.

3.4.5.2. EXECUTIVE MANAGEMENT

The Chief Executive Officer may or may not be a director.

The term of office of the Chief Executive Officer is determined by the Board at the time of his appointment. However, if the Chief Executive Officer is a director, his term of office may not exceed his term of office as a director.

No person over the age of seventy may be appointed Chief Executive Officer. When the Chief Executive Officer reaches the age limit, he is deemed to have resigned automatically. A Chief Executive Officer under legal supervision is also deemed to have resigned automatically. The Chief Executive Officer may be dismissed at any time by the Board of Directors. If dismissal is decided without just cause, it may give rise to damages, except when the Chief Executive Officer assumes the duties of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the Company in all circumstances. He exercises his powers within the limits of the Company's objects and subject to those powers expressly granted by law to shareholders' meetings and to the Board of Directors.

He represents the Company in its relationships with third parties. The Company is bound even by the acts of the Chief Executive Officer that do not fall within the scope of the Company's objects, unless it can prove that the third party knew that the act exceeded those objects or could not have been unaware of it in view of the circumstances, it being excluded that the mere publication of the bylaws is sufficient to constitute such proof.

The Board of Directors may limit the powers of the Chief Executive Officer, but such limitations are not enforceable against third parties.

3.4.5.3. DEPUTY CHIEF EXECUTIVE OFFICERS

On the proposal of the Chief Executive Officer, whether this function is assumed by the Chairman of the Board of Directors or by another person, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

The Board of Directors may choose the Deputy Chief Executive Officers from among the directors or not and may not appoint more than five (5).

The age limit is set at seventy (70) years. When a Deputy Chief Executive Officer reaches the age limit, he is deemed to have resigned automatically. The Deputy Chief Executive Officer under legal supervision is also deemed to have resigned automatically.

Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors, on the recommendation of the Chief Executive Officer. If dismissal is decided without just cause, it may give rise to damages.

When the Chief Executive Officer ceases or is prevented from carrying out his duties, the Deputy Chief Executive Officers retain their duties and powers until the appointment of a new Chief Executive Officer, unless the Board decides otherwise.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred on the Deputy Chief Executive Officers. The Deputy Chief Executive Officers have the same powers vis-à-vis third parties as the Chief Executive Officer.

3.4.6. REMUNERATION OF DIRECTORS

The General Meeting may allocate to the directors, as remuneration for their activity, a fixed annual sum, the amount of which is included in operating expenses and remains so until decided otherwise. The Board of Directors determines how this amount is to be allocated among the directors.

The Board of Directors determines the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers. Such remuneration may be fixed and/or proportional.

3.4.7. CUMULATIVE MANDATE

The limit on the number of terms of office of Directors and Chief Executive Officers applies under the conditions and subject to the exceptions provided for by law.

3.4.8. REGULATED AGREEMENTS

Any regulated agreement entered into directly or through an intermediary between the Company and one of its directors, its Chief Executive Officer, one of its Deputy Chief Executive Officers, one of its shareholders holding more than 10% of the voting rights or, in the case of a corporate shareholder, the company controlling it within the meaning of Article L.233-3 of the French Commercial Code, must be submitted to the Board of Directors for prior authorisation.

The same applies to agreements in which one of the persons referred to in the previous paragraph has an indirect interest, as well as agreements between the Company and a company, if the Chief Executive Officer, one of the Deputy Chief Executive Officers or one of the Directors of the Company is the owner, partner with unlimited liability, manager, director, member of the Supervisory Board or, in general, a manager of this company.

The prior authorisation of the Board of Directors is justified by the interest of the agreement for the Company, in particular by specifying the financial conditions attached to it.

Agreements entered into and authorised during previous financial years which were continued during the last financial year are reviewed each year by the Board of Directors and reported to the Statutory Auditors in accordance with the law.

The provisions of the preceding paragraphs do not apply to agreements entered into in the ordinary course of business and on arm's length terms, or to agreements entered into between two companies, one of which holds, directly or indirectly, the entire share capital of the other, after deduction, where applicable, of the minimum number of shares required to meet the requirements of Article 1832 of the French Civil Code or Articles L.22-10-2 and L.226-1 of the French Commercial Code.

The report provided for in the last paragraph of Article L. 225-37 of the French Commercial Code mentions, except where they concern ordinary transactions entered into on arm's length terms, agreements entered into directly or through an intermediary, between, on the one hand, one of the corporate officers or one of the shareholders holding more than 10% of the Company's voting rights and, on the other hand, another company controlled by the former within the meaning of Article L. 233-3 of the French Commercial Code.

CHAPTER 4. SHAREHOLDING STRUCTURE

4.1. SHAREHOLDING AND VOTING RIGHTS

In accordance with the provisions of Article L. 233-13 of the French Commercial Code, we inform you below of the identity of shareholders whose threshold exceeds 5% of the share capital and/or 5% of the voting rights. Changes in share capital over the last three financial years are shown below:

		31/12/2021[1]			31/12/2022[1]			31/12/2023			As of the date of the Universal Registration Document		
	SHAREHOLDERS	**Shares**	**% of capital**	**% of total voting rights**	**Shares**	**% of capital**	**% of total voting rights**	**Shares**	**% of capital**	**% of total voting rights**	**Shares**	**% of capital**	**% of total voting rights**
NOMINATIVE	**Management**	**30,568**	**0.10%**	**0.11%**	**22,408**	**0.07%**	**0.10%**	**7,256**	**0.12%**	**0.14%**	**7,261**	**0.12%**	**0.14%**
	Thibaut Du Fayet	—	0.00%	0.00%	—	0.00%	0.00%	5,486	0.09%	0.09%	5,486	0.09%	0.09%
	Eric Soyer	6,264	0.02%	0.02%	6,264	0.02%	0.03%	626	0.01%	0.02%	626	0.01%	0.02%
	Jérôme Bailly	3,798	0.01%	0.01%	3,798	0.01%	0.02%	379	0.01%	0.01%	379	0.01%	0.01%
	Autres management	20,506	0.07%	0.08%	12,346	0.04%	0.05%	765	0.01%	0.02%	770	0.01%	0.02%
	Board members	**15,143**	**0.05%**	**0.08%**	**15,143**	**0.05%**	**0.09%**	**447,420**	**7.36%**	**7.21%**	**447,420**	**7.36%**	**7.21%**
	Gil Beyen	4,840	0.02%	0.02%	4,840	0.02%	0.02%	484	0.01%	0.02%	484	0.01%	0.02%
	Philippe Archinard	10,303	0.03%	0.06%	10,303	0.03%	0.07%	1,030	0.02%	0.03%	1,030	0.02%	0.03%
	Go Capital (Ouest Ventures III)[2]	—	0.00%	0.00%	—	0.00%	0.00%	445,906	7.34%	7.16%	445,906	7.34%	7.16%
	Auriga Bioseeds[2]	**—**	**0.00%**	**0.00%**	**—**	**0.00%**	**0.00%**	**651,883**	**10.73%**	**10.47%**	**651,883**	**10.73%**	**10.47%**
	Auriga Partners[2]	**1,018,212**	**3.28%**	**6.26%**	**1,018,212**	**3.28%**	**6.26%**	**101,821**	**1.68%**	**3.27%**	**101,821**	**1.68%**	**3.27%**
	Pool Guy Rigaud[2]	**—**	**0.00%**	**0.00%**	**—**	**0.00%**	**0.00%**	**217,365**	**3.58%**	**3.49%**	**217,365**	**3.58%**	**3.49%**
	Other shareholders	**471,045**	**1.52%**	**2.88%**	**473,136**	**1.53%**	**2.86%**	**261,552**	**4.31%**	**4.95%**	**257,353**	**4.24%**	**4.88%**
	SUB-TOTAL NOMINATIVE	**1,534,968**	**4.95%**	**9.33%**	**1,528,899**	**4.93%**	**9.30%**	**1,687,297**	**27.77%**	**29.54%**	**1,683,103**	**27.70%**	**29.47%**
	Treasury shares	2,500	0.01%	0.00%	2,500	0.01%	0.00%	249	0.00%	0.00%	249	0.00%	0.00%
BEARING	**Tikehau Investment Management[3]**	—	0.00%	0.00%	—	0.00%	0.00%	471,777	7.77%	7.58%	471,777	7.77%	7.58%
	Akkadian Partners[3]	—	0.00%	0.00%	—	0.00%	0.00%	205,695	3.39%	3.30%	205,695	3.39%	3.30%
	BVF Partners L.P[3]	4,081,941	13.16%	12.55%	97,338	0.31%	0.30%	—	0.00%	0.00%	—	0.00%	0.00%
	Floating	25,399,144	81.88%	78.11%	29,389,816	94.75%	90.40%	3,710,087	61.07%	59.58%	3,714,281	61.14%	59.65%
	SUB-TOTAL BEARING	**29,481,085**	**95.04%**	**90.67%**	**29,487,154**	**95.06%**	**90.70%**	**4,387,559**	**72.22%**	**70.46%**	**4,391,753**	**72.29%**	**70.53%**
	TOTAL	**31,018,553**	**100.00%**	**100.00%**	**31,018,553**	**100.00%**	**100.00%**	**6,075,105**	**100.00%**	**100.00%**	**6,075,105**	**100%**	**100%**

(1) The amounts shown are pre-reverse split amounts finalised on 18 September 2023.

(2) Based on the latest declarations of threshold crossing and available information: (i) Go Capital (FPCI Ouest Ventures III) holds an additional 29,700 bearer shares, bringing its total shareholding to 7.83% and 7.64% of voting rights (ii) Auriga Partners (FPCI Auriga IV Bioseeds) holds an additional 41,250 bearer shares, bringing its total shareholding to 11.41% and 11, 13% of the voting rights (iii) Auriga Partners (FPCI Auriga Venture III) holds an additional 12,931 bearer shares, bringing its total holding of shares to 1.89% and 3.48% of the voting rights and (iv) the Guy Rigaud Pool holds an additional 7,576 bearer shares, bringing its total holding of shares to 3.70% and 3.61% of the voting rights.

(3) On the basis of the latest declarations of threshold crossing and available information.

During the financial year ended December 31, 2023, the Company received the following threshold crossing declarations:

On January 4, 2023, the company BFV Partners LP (44 Montgomery Street, 40th Floor, San Francisco, CA, 94104, United States of America), acting on behalf of the funds it manages, declared that it had crossed decrease on December 29, 2022, the threshold of 5% of the voting rights of the Company and hold on behalf of said funds, 97,338 shares of the Company representing as many voting rights, i.e. 0.31% of the capital and 0.30 % of voting rights.

On April 14, 2023, the limited company Akkadian Partners (18 rue Robert Stümper, L-2557 Luxembourg), acting on behalf of the Akkadian Partners Fund which it manages, declared that it had exceeded, on April 13, 2023, the threshold of 5% of the capital of the Company and hold, on behalf of said fund, 1,570,000 shares of the Company representing as many voting rights, i.e. 5.06% of the capital and 4.83% of the voting rights.

On May 9, 2023, the limited company Akkadian Partners (18 rue Robert Stümper, L-2557 Luxembourg), acting on behalf of the Akkadian Partners Fund which it manages, declared that it had exceeded, on May 3, 2023, the threshold of 5% of the voting rights of the Company and hold, on behalf of said fund, 1,755,145 shares of the Company representing as many voting rights, i.e. 5.66% of the capital and 5.40% of the voting rights .

On May 18, 2023, the concert composed of (i) the company Elaia Partners, acting on behalf of the FPCI Auriga IV Bioseeds of which it manages, (ii) the company Go Capital, acting on behalf of the FPCI Ouest Venture III of which it ensures the management, (iii) the company Auriga Partners, acting on behalf of the FPCI Auriga Ventures III of which it manages and (iv) the Guy Rigaud sub-concert, declared having crossed upwards, on May 15, 2023, the thresholds of 5 and 10% of the capital and voting rights of the Company and jointly hold 4,249,267 shares of the Company representing 5,267,479 voting rights, i.e. 12.45% of the capital and 14.79% of the rights voting.

On June 29, 2023, the simplified joint stock company Tikehau Investment Management (32 rue de Monceau, 75008 Paris), acting on behalf of the funds it manages, declared that it had crossed the threshold of 5% of the capital and voting rights of the Company and hold, on behalf of said funds, 4,717,770 shares of the Company representing as many voting rights, i.e. 7.77% of the capital and 7.58% of the voting rights. vote.

On June 29, 2023, the concert composed of (i) the company Elaia Partners, acting on behalf of the FPCI Auriga IV Bioseeds of which it manages, (ii) the company Go Capital, acting on behalf of the FPCI Ouest Venture III of which it ensures the management, (iii) the company Auriga Partners, acting on behalf of the FPCI Auriga Ventures III of which it manages and (iv) the Guy Rigaud sub-concert, declared having crossed upwards, on June 23, 2023, the thresholds of 15% and 20% of the capital and voting rights and 25% of the voting rights of the Company and jointly hold 15,084,342 shares of the Company representing 16,102,554 voting rights, or 24.83% of the capital and 25.87% of voting rights.

On July 6, 2023, the company Elaia Partners, acting on behalf of the FPCI Auriga IV Bioseeds which it manages, declared having crossed downward, on July 1, 2023, the thresholds of 10% and 5% of the capital and rights voting rights of the Company and no longer hold any shares of the Company.

On July 6, 2023, the concert composed of (i) the company Go Capital, acting on behalf of FCPI Ouest Venture III which it manages (ii) the company Auriga Partners acting on behalf of FCPI Auriga Ventures III and FCPI Auriga IV Bioseeds for which it manages and (iii) the Guy Rigaud sub-concert, declared

having crossed downward, on July 5, 2023, the thresholds of 25% of voting rights and 20%, 15%, 10% and 5% of the capital and voting rights of the Company and no longer hold any shares in the Company.

On July 7, 2023, the company Auriga Partners, acting on behalf of the FPCI Auriga Ventures III and FPCI Auriga IV Bioseeds which it manages, declared that it had crossed the thresholds of 5% and 10% upwards on July 1, 2023. of the capital and voting rights of the Company and hold, on behalf of said funds, 8,078,860 shares of the Company representing 9,097,072 voting rights, i.e. 13.30% of the capital and 14.61% of the voting rights .

On August 1, 2023, the limited company Akkadian Partners (18 rue Robert Stümper, L-2557 Luxembourg), acting on behalf of the Akkadian Partners Fund which it manages, declared, by way of regularization, to have crossed downward, on June 26, 2023, the threshold of 5% of the capital and voting rights of the Company and hold, on behalf of said fund, 2,056,950 shares of the Company representing as many voting rights, i.e. 3.39% of the capital and 3.30% of voting rights.

4.2 SIGNIFICANT SHAREHOLDERS NOT REPRESENTED ON THE BOARD OF DIRECTORS

As of the date of the Universal Registration Document, a significant shareholder, namely Auriga Partners acting on behalf of the FPCI Auriga IV Bioseeds and on behalf of the FPCI Auriga Venture III, is not represented on the Board of Directors.

4.3 VOTING RIGHTS OF SHAREHOLDERS

In ordinary and extraordinary general meetings of the Company, each share gives the right to one vote except in cases of double voting rights.

A double voting right is, however, allocated under legal conditions to all fully paid-up shares for which there is proof, at the latest on the second day preceding the date of the meeting, that they have been registered in the name for at least two years. of the same shareholder, or in the name of a person to whose rights there is, following inheritance, sharing of community property between spouses or inter vivos donation granted by a shareholder to his spouse or to a relative in the degree successor or following a transfer resulting from a merger or division of a shareholder company.

In the event of a capital increase by incorporation of reserves, profits or share premiums, double voting rights are conferred, upon their issue, on registered shares allocated free of charge in respect of old shares already benefiting from them.

The double voting right will be automatically withdrawn from any share which has been the subject of a conversion to bearer form or a transfer of ownership unless this transfer results from an inheritance, a sharing of community property between spouse or an inter vivos gift granted by a shareholder to his or her spouse or to a relative at the level of inheritance or following a transfer resulting from a merger or division of a shareholder company.

4.3.1 STATUTORY PROVISIONS RELATING TO GENERAL MEETINGS

The statutory provisions concerning general meetings are found in articles 26 to 30 of the bylaws.

4.3.1.1 NATURE OF MEETINGS

Shareholders' decisions are taken at General Meetings. Ordinary General Meetings are those called to take decisions that do not amend the bylaws. Extraordinary General Meetings are those called to decide or authorise direct or indirect amendments to the bylaws. Decisions taken at General Meetings are binding on all shareholders, even those who are absent, dissenting or unable to vote.

4.3.1.2 CONVOCATION AND MEETING OF GENERAL ASSEMBLY

All shareholders have the right to participate in General Meetings or to be represented there under the conditions set by law.

General Meetings are convened either by the Board of Directors or by the Statutory Auditors, or by a representative designated by the President of the Commercial Court ruling in summary proceedings at the request of one or more shareholders representing at least 5% of the capital. social security or, in case of emergency, the Works Council.

When the Company's shares are admitted to trading on a regulated market or if all of its shares are not in registered form, it is required, at least thirty-five (35) days before the meeting of any meeting, to publish in the Bulletin of Obligatory Legal Announcements (BALO) a notice of meeting containing the information provided for by the texts in force.

The convening of general meetings is carried out by insertion in a newspaper authorized to receive legal announcements in the department of the head office and, in addition, in the Bulletin of Legal and Obligatory Announcements (BALO).

However, the insertions provided for in the preceding paragraph may be replaced by a notice sent, at the expense of the Company, by simple or registered letter addressed to each shareholder. This notice may also be transmitted by electronic means of telecommunications implemented under regulatory conditions.

The meetings take place at the headquarters or in any other place indicated in the notice of meeting.

General Meetings are made up of all shareholders, regardless of the number of shares they hold.

Participation in General Meetings, in whatever form, is subject to registration or registration of shares under the conditions and deadlines provided for by the regulations in force. The Board of Directors has the option of accepting voting forms and proxies which reach the Company beyond the deadline provided for by the regulations in force.

The Board of Directors has the right to decide, at the time of convening the meeting, that shareholders may participate and vote at any meeting by videoconference or other means of telecommunications and teletransmission (including the Internet) within the conditions set by the law and regulations applicable at the time of its use. This decision is communicated in the notice of meeting and the notice of meeting published in the Bulletin of Legal and Obligatory Announcement (BALO).

Those shareholders who use for this purpose, within the required deadlines, the electronic voting form offered on the website set up by the centralizer of the meeting, are assimilated to the shareholders present or represented. The entry and signature of the electronic form can be carried out directly on this site by any process decided by the Board of Directors and meeting the conditions defined in the first sentence of the second paragraph of article 1316-4 of the civil code, namely the use of a reliable identification process guaranteeing the link with the form, which may in particular consist of an identifier and a password.

The proxy or vote expressed before the meeting by any means of telecommunications and teletransmission, as well as the acknowledgment of receipt given, will be considered as non-revocable writings and enforceable against all, it being specified that in the event transfer of securities occurring

before the second (2nd) business day preceding the meeting at midnight, Paris time, the Company will invalidate or modify accordingly, as the case may be, the proxy or the vote expressed before the meeting by any means telecommunications.

4.3.1.3 AGENDA

The agenda for the Assemblies is set by the author of the convocation.

One or more shareholders, representing at least the required portion of the share capital and acting under the conditions and deadlines set by law, have the right to request, by registered letter with acknowledgment of receipt or by electronic telecommunication, registration items or draft resolutions on the agenda of the Assembly.

The Works Council may also request the inclusion of draft resolutions on the agenda of the Meeting.

The Assembly cannot deliberate on a question that is not included on the agenda, which cannot be modified upon second call. It may, however, in any circumstances, dismiss one or more members of the Board of Directors and replace them.

4.3.1.4 HOLDING OF MEETINGS - CHAIR COMMITTEE - MINUTES

Meetings shall be presided over by the chairman of the Board of Directors or, in his absence, by a deputy chairman or by a director specially deputy to this end by the Board. Failing this, the shareholders' meeting shall itself designate a meeting chairman.

In the event of a summons by a statutory auditor or by an agent appointed by the court, the Meeting shall be presided over by the person issuing the summons. The two shareholders, present and accepting such duties, representing, both for themselves and as representatives, the largest number of votes shall act as scrutineers and vote counters. The committee thus established shall designate a secretary, who may be taken from outside the members of the Meeting. An attendance sheet shall be kept, in accordance with the conditions established by law.

Deliberations and resolutions of the General Meetings are recorded in minutes signed by the committee members and kept in a special register, in accordance with the law. Copies and extracts of these minutes shall be validly certified in accordance with the conditions established by law.

4.3.1.5 QUORUM - VOTE

General Meetings, whether they are ordinary, extraordinary, or mixed, shall deliberate in accordance with the conditions for a quorum and majority as established in the provisions governing them, and shall exercise the powers assigned to them by the law.

The voting right attached to capital or dividend shares is proportional to the portion of capital that they represent. Each share gives the right to one vote.

A double voting right is nevertheless assigned, in accordance with legal conditions, to all shares fully paid up for which evidence is provided of nominal registration for at least two years in the name of the same shareholder, or in the name of a person holding such rights following a succession, a sharing of the community of property between spouses, or an inter vivos gift granted by a shareholder to his/her spouse or to a relative in the direct line of succession, or following a transfer resulting from a merger or a division of a shareholder company.

In the event of a capital increase through the incorporation of reserves, income, or issue premiums, the double voting right is granted, upon their issue, to nominal shares assigned free of charge to replace the previous shares already receiving such benefit.

The double voting right shall be duly withdrawn from any share having been converted to a bearer share or been subject to a transfer of ownership, except where this transfer results from a succession, a sharing of the community of property between spouses, or an inter vivos gift granted by a shareholder to his/her spouse or to a relative in the direct line of succession, or following a transfer resulting from a merger or a division of a shareholder company.

4.4 COMPANY'S CONTROL

To the knowledge of the Company:

- no shareholder holds, directly or indirectly, a fraction of the capital giving them the majority of voting rights in the general meetings of the Company;
- there is no agreement concluded between the shareholders conferring on one shareholder the majority of voting rights in the Company;
- no shareholder is able to determine, on the basis of the voting rights he holds in the Company, the decisions in the general meetings of shareholders of the Company; And
- no shareholder has the power to appoint or dismiss the majority of the members of the management or supervisory bodies of the Company.

In addition, to the Company's knowledge, no shareholder or group of shareholders holds, directly or indirectly, more than 40% of the voting rights of the Company, likely to give rise to the presumption of control of the Company with regard to of one of the shareholders or a group of shareholders.

No statutory clause is likely to have the effect of delaying, deferring or preventing the change of control of the Company.

4.4.1. SHAREHOLDERS' AGREEMENT

To the Company's knowledge, there is no agreement between the Company's shareholders.

4.4.2. CONCERTS

By declaration dated May 24, 2023, a declaration of concerted action was made concerning a concerted action vis-à-vis the Company initiated between (i) the company Elaia Partners acting on behalf of the FPCI Auriga IV Bioseeds which it manages, (ii) the company Go Capital acting on behalf of the FPCI Ouest Venture III which it manages, (iii) the company Auriga Partners acting on behalf of the FPCI Auriga Ventures III which it manages and (iv) the subgroup of shareholders of the Guy Rigaud Pool, following the increase in the capital of the Company and following the agreement of the concert members to exercise the voting rights attached to the shares of the Company that they hold, in favor of the merger-absorption by the Company of Pherecydes Pharma, on the occasion of the general meeting of shareholders dated June 23, 2023.

This concert action vis-à-vis the Company ended between the above-mentioned parties following the conclusion of an end-of-concert act on July 5, 2023.

4.4.3. AGREEMENTS LIKELY TO RESULT IN A CHANGE OF CONTROL

To the Company's knowledge, there is no agreement in place whose implementation could, at a later date, result in a change of control.

4.5 STATUTORY PROVISIONS RELATING TO SHARES

4.5.1 RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO SHARES (ARTICLES 9 TO 16 OF THE BYLAWS)

4.5.1.1 THRESHOLD CROSSINGS

Any shareholder who comes to hold or cease to hold, directly or indirectly, alone or in concert, a number of shares, or similar securities, representing a fraction of the capital or voting rights provided for by the Law must inform the Company under the conditions provided for by the Law and regulations.

The shareholder(s) who do not comply with these provisions will be deprived of the voting rights attached to shares exceeding the fraction that should have been declared. The deprivation of voting rights will apply to any meeting of shareholders held until the expiration of a period of two years following the date of regularization of the declaration.

The Bylaws of the Company do not provide for obligations other than those provided for by the Law and the regulations (article 9 of the Bylaws of the Company).

4.5.1.2 INCREASES IN SHARE CAPITAL

The share capital shall be increased by any means and according to any methods established by law.

An extraordinary general meeting, acting on a report by the Board of Directors, is the sole entity with competency to decide on a capital increase. It may delegate such competency or powers to the Board of Directors.

The shareholders have, proportionately to the amount of their shares, a preferential right to the subscription of shares issued by way of a cash contribution to perform a capital increase, a right that they may waive individually. An extraordinary general meeting may decide to withdraw this preferential subscription right under legally established conditions.

The right to the assignment of new shares to shareholders, following an incorporation of reserves, income, or issue premiums into the capital, belongs to the bare owner, without prejudice to the rights of the usufructuary.

4.5.1.3 PAYMENT OF SHARES

All the original shares constituting the initial capital and representing cash contributions must be paid up in the amount of at least half their nominal value at the time of their subscription.

Shares subscribed during a cash-based capital increase must be paid up in the amount of at least one quarter of their nominal value at the time of their subscription and, where applicable, the entirety of the issue premium.

Payment of the remainder must take place on one or more occasions on the decision of the Board of Directors within a period of five years, i.e., this period starting on the day of registration in the Trade and Companies Register or, for a capital increase, on the day on which the capital increase became final.

Calls for funds shall be brought to the knowledge of subscribers by registered letter with confirmation of receipt sent at least fifteen days prior to the date established for each payment. Payments shall be made either at the head office or at any other location indicated to this end.

Any delays in the payment of sums owing on the share amount not paid up shall result, duly and without the need to proceed with any formalities whatsoever, in the payment of interest at the legal rate, starting on the due date, without prejudice to any personal action that the Company may exercise against the defaulting shareholder and the enforcement measures established by law.

4.5.1.4 REDUCTION - AMORTIZATION OF THE SHARE CAPITAL

A reduction of the capital may be authorized or decided on in an extraordinary general meeting, which may delegate to the Board of Directors all powers to perform such reduction. In no case shall this harm the equal treatment of the shareholders.

A reduction in share capital for an amount below the legal minimum can only be decided pursuant to the suspensive condition of a capital increase intended to return the share capital to an amount at least equal to this minimum amount, except where the Company is transformed into another form of company.

In the event of non-compliance with these provisions, any interested parties may seek dissolution of the Company through the courts.

Nevertheless, the court cannot order its dissolution where, on the date on which it rules based on grounds, the situation has been normalized.

The capital may be liquidated in conformity with legal provisions. Liquidation of the capital may be decided in an extraordinary general meeting and must be performed using sums distributable in accordance with Article L. 232-11 of the Code of Commerce, by way of an equal reimbursement on each share of the same class. It shall not result in a reduction of the capital. Shares fully or partially liquidated shall lose the right to reimbursement at their nominal value, up to the amount of this liquidation. They shall retain all their other rights.

4.5.1.5 SHARE TYPES

The shares are nominal, up to their full payment. When they are fully paid up, they may be nominal or bearer, as decided by the shareholders.

They shall give rise to the registration of an account opened pursuant to the conditions and methods established under current legal and regulatory provisions, by the issuing company or by a financial broker mentioned on paragraphs 2° to 7° of Article L.542-1 of the Code Monétaire et Financier.

4.5.1.6 INDIVISIBILITY OF THE SHARES – BARE OWNERSHIP – USUFRUCT

Shares are indivisible in the eyes of the company. Indivisible co-owners of shares shall be represented in general meetings by one of the co-owners or by a joint representative of their choice. In default of an agreement between them on the choice of a representative, this representative shall be designated by order of the president of the commercial court, ruling in an interim order on the application of the co-owner first making such request.

The voting right attached to a share belongs to the usufructuary for ordinary general meetings and to the bare owner for extraordinary general meetings. However, the shareholders may agree amongst themselves on any other distribution for the exercise of a voting right in general meetings. In this case, they must bring their agreement to the knowledge of the Company by registered letter sent to the head office, the Company being required to respect this agreement for any general meetings held after the expiry of a one-month period following mailing of the registered letter, the postmark being considered proof of the mailing date.

The shareholder's right to obtain the communication of company documents or to consult these documents may likewise be exercised by each co-owner of an undivided share, by the usufructuary, and the bare owner of shares.

4.5.1.7 ASSIGNMENT AND TRANSFER OF SHARES

Shares can be freely traded, without prejudice to legal and regulatory provisions.

The ownership of shares issued in registered form shall result from their registration in the name of the owners on the registers held to this end. Shares that are designated as registered shares may only be traded on the market where they have first been placed in a management account with an authorized broker.

Shares that are not registered as necessarily being nominal may only be traded on the market where they are converted to bearer shares.

Ownership of bearer shares shall result from their registration in a bearer account with an authorized financial broker.

The assignment of nominal or bearer shares shall take place, with regard to third parties and the company, by an account-to-account transfer into the accounts of the issuing company or those of the authorized financial broker.

The transfer of shares, free or charge or following a death, shall likewise take place by an account-to-account transfer upon the provision of evidence supporting the change in legal conditions.

4.5.1.8 RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

Each share gives right to the profits, the company assets in a share proportional to the proportion of capital that it represents.

Except where the law or the articles of incorporation stipulate otherwise, each share confers on its owner a vote in the shareholders' General Meetings.

All shareholders shall have the right to be informed of the Company's performance and to obtain the communication of certain company documents at the times and in accordance with the conditions established by the law and regulations.

Shareholders shall only sustain losses up to the amount of their contributions.

The possession of a share requires due adherence to the decisions of general meetings and the present articles of incorporation. Assignment shall include all dividends matured and not paid or maturing in future, as well as any share in the reserve funds, save where provisions to the contrary are disclosed to the Company.

Whenever it is necessary to hold a certain number of shares to exercise a right, in the event of an exchange, regrouping, or assignment of title, or at the time of a capital increase or reduction, a merger, or

any other operation, the shareholders holding a number of shares less than that required can only exercise these rights on the condition that they personally arrange to obtain the number of shares required.

4.5.2 ACTIONS NECESSARY TO MODIFY SHAREHOLDER RIGHTS

The rights of shareholders may be modified under legal conditions by amending the Company's By-laws, an operation that only the extraordinary general meeting is authorized to carry out.

4.6. CAPITAL

4.6.1. AMOUNT OF SUBSCRIBED CAPITAL

As of December 31, 2023 and the date of the Universal Registration Document, the fully paid-up share capital amounts to 6,075,105 euros, divided into 6,075,105 ordinary shares of 1 euro par value each, all of the same category. .

On September 18, 2023, the Company finalized the reverse stock split operations. The consolidation resulted in the exchange of ten (10) old shares with a nominal value of ten euro cents (€0.10) for one (1) new share with a nominal value of one euro (1€) (the “Reverse Stock Split”). The new shares resulting from the Reverse Stock Split were admitted to trading on the regulated Euronext market in Paris, from September 18, 2023, the first day of trading, and were assigned a new ISIN code (FR001400K4B1).

4.6.2. SHARES NOT REPRESENTING CAPITAL

None

4.6.3. SPECIAL STIPULATIONS GOVERNING CHANGES IN SHARE CAPITAL

Any modification of the share capital is subject to legal requirements, the By-laws not providing for specific stipulations.

4.6.4. ACQUISITION BY THE COMPANY OF ITS OWN SHARES

The Combined General Meeting of shareholders of the Company held on June 23, 2023 adopted as follows the authorization given to the Board of Directors by the Combined General Meeting of June 24, 2022 to implement a share buyback program of the Company in accordance with the provisions of article L. 22-10-62 of the Commercial Code, articles 241-1 et seq. of the General Regulations of the Financial Markets Authority and the European regulations applicable to market abuse.

Maximum number of shares that can be repurchased: 5% of the amount of the share capital existing on the day of the General Meeting (it being specified that when the shares are repurchased to promote liquidity under the conditions referred to below, the number of shares taken into account for the calculation of this 5% limit corresponds to the number of shares purchased, deducting the number of shares resold during the duration of said authorization).

Objectives of share buybacks:

- to allocate shares to employees or corporate officers of the Company and French or foreign companies or groups linked to it under the conditions and according to the modalities provided for by

law, in particular in the context of employee participation in the fruits of expansion of the company, employee shareholding plans or company savings plans, the stock option plan, or through free allocations of shares or performance shares in the framework of articles L. 225-197-1 et seq. and L. 22-10-59 et seq. of the Commercial Code;

- to ensure the liquidity of the share market through one or more investment service providers acting independently, within the framework of a liquidity contract, in accordance with market practice accepted by the 'Autorite des Marchés Financiers, it being specified that the number of shares taken into account for the calculation of the 10% limit corresponds to the number of shares purchased, less the number of shares resold during the duration of this authorization;
- to reduce the capital of the Company in application of the 24th resolution of the General Meeting;
- to allocate shares to cover debt securities exchangeable for securities of the Company and more generally securities giving right to securities of the Company, in particular by conversion, presentation of a voucher, reimbursement or exchange; And
- more generally, to carry out any transaction which may be authorized by law or any market practice which may be accepted by the market authorities, it being specified that, in such a case, the Company would inform its shareholders by means of a press release.

Maximum purchase price: ten (10) euros per share, or its equivalent in foreign currencies, it being specified that in the event of operations on the capital, in particular by incorporation of reserves and free allocation of shares, and/or division or consolidation of shares, this maximum price will be adjusted accordingly and will be determined in accordance with the limits provided for by the laws and regulations in force at the time of use of the delegation (to date, the maximum purchase price excluding costs per share must not be higher than that of the last independent transaction, or, if higher, than that of the highest current independent offer on the place where the purchase is made);

Maximum volume: the Company will refrain from purchasing beyond the maximum daily volume authorized by the laws and regulations in force at the time of use of the delegation (to date, 25% of the average daily volume of shares traded on the regulated market of Euronext Paris). The Company has, in its securities portfolio, 249 treasury shares (0.004% of the share capital) as of the date of the Universal Registration Document.

4.6.5. SUMMARY OF TRANSACTIONS IN THE COMPANY'S SHARES BY EXECUTIVES AND PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE DURING THE PAST FINANCIAL YEAR

During the financial year ended 31 December 2023, the following transactions in the Company's shares were carried out by the executives and persons referred to in article L. 621-18-2 of the French Monetary and Financial Code:

- Go Capital acquired 1,058,535 ordinary shares in the Company when the Company subscribed to a capital increase through a contribution in kind of 282,276 shares in Pherecydes Pharma (FR0011651694) on 15 May 2023.
- The fund FPCI OUEST VENTURE III, represented by its management company, Go Capital, acquired 1,058,535 ordinary shares in the Company when the Company subscribed to a capital increase through a contribution in kind of 282,276 shares in Pherecydes Pharma (FR0011651694) on 15 May 2023. On this occasion, on 15 May 2023, the Company's Board of Directors co-opted Go Capital, represented by its permanent representative, Leila Nicolas, as a director.

- The FPCI OUEST VENTURES III fund, represented by its management company, Go Capital, acquired 3,697,533 ordinary shares in the Company when it subscribed to a capital increase in consideration for the merger of Pherecydes Pharma (FR0011651694) into the Company, which took place on 23 June 2023. Go Capital was co-opted as a director of the Company by the Board of Directors on 15 May 2023. This appointment was ratified by the Combined General Meeting of 23 June 2023.
- Mr Thibaut du Fayet acquired 54,862 ordinary shares in the Company when he subscribed to a capital increase in consideration for the merger of Pherecydes Pharma (FR0011651694) into the Company on 23 June 2023. Mr Thibaut du Fayet was appointed Chief Executive Officer of the Company by decision of the Board of Directors on 23 June 2023.
- Mr Guy Rigaud and the company l'Ermigaud (753 833 003 R.C.S. Lyon), a person related to Mr Guy Rigaud within the meaning of Regulation MAR (596/2014), together subscribed for a total of 71,839 shares in the Company as part of the capital increase in consideration for the merger of Pherecydes Pharma (FR0011651694) into the Company, which took place on 23 June 2023. Mr Guy Rigaud was appointed as an observer of the Company by a decision of the Board of Directors on 23 June 2023.

Since December 31, 2023, no executive or person referred to in Article L. 621-18-2 of the French Monetary and Financial Code has executed any transactions involving the Company's shares.

4.6.6. OTHER SECURITIES GIVING ACCESS TO CAPITAL

Securities giving access to the Company's capital outstanding at December 31, 2023 are described in Table 8 and Table 10 of section 3.1.2.1.3 of the Universal Registration Document.

The Company entered into an agreement on June 24, 2020 (the "**OCABSA Agreement**") allowing the issuance for the benefit of the Luxembourg-based fund European High Growth Opportunities Securitization Fund, represented by its asset manager European High Growth Opportunities Manco SA., of 1,200 notes warrants (bons d'émission) (the "**Notes Warrants**" or "**BEOCABSA**") giving right to convertible notes into new and/or existing shares (the "**Notes**") with warrants attached (the "**Warrants**" and together with the Notes, the "**OCABSA**"), enabling a potential fund raising of up to EUR 60 million, subject to the regulatory limit of 20% dilution.

The main characteristics of the securities are described in the table below:

BEOCABSA	
Issuance date :	June 24, 2020, by decision of the Chief Executive Officer
Characteristics of the issuance	1,200 BEOCABSA issued for free for the benefit of European High Growth Opportunities Securitization Fund (the "**Investor**"), pursuant to the 25th resolution of the extraordinary general shareholder's meeting held on June 21, 2019.

Condition of exercise:	By tranches until June 25, 2022, upon request of the Company, it being specified that the Investor shall have the right to request the issuance of two tranches at any moment. Any request for a drawdown by the Company will be subject to the satisfaction of certain conditions precedent, including (i) the fact that the Company's closing price on Euronext Paris has been 150% higher than the nominal value of the Company's shares for more than 60 Trading Days prior to the request, or (ii) the fact that the Company has a number of shares that may be issued corresponding to at least 175% of the number of shares issuable upon conversion of the outstanding Notes and of the Notes to be issued upon the drawdown request. Each exercise of a Note Warrant will give rise to the issuance of 60 Notes with 33,670 Warrants attached (or of 30 Notes with 16,835 Warrants attached in the event where the Company's capitalization is less than EUR 50 million for 20 consecutive trading days).
Number of exercised BEOCABSA	540, by tranches of 9, respectively on July 6, 2020, August 24, 2020, November 17, 2020, December 7, 2020, December 22, 2020, March 2, 2021, May 19, 2021, July 22, 2021 and August 24 2021 (including 2 tranches issued upon request of the Investor) i.e. a total amount of EUR 27 million, resulting in the issuance of 540 Notes with 303 030 Warrants attached.
Number of outstanding BEOCABSA	0, as the BEOCABSA were exercisable in tranches over a period of 24 months from June 25, 2020, i.e. until June 25, 2022.
Notes	
Nominal value :	EUR 3,000,000 by tranches (EUR 50,000 by Note)
Issuance conditions:	Upon exercise of the Notes Warrants in one or more tranches of 60 Notes (or 30 Notes in the event where the Company's capitalization is less than EUR 50 million for 20 consecutive trading days), corresponding to a total nominal value of EUR 3 million (or EUR 1.5 million in case of issuance of a tranche of 30 Notes)
Interest:	No interest
Subscription price:	98% of their nominal value, i.e. EUR 2,940,000 by tranche (EUR 49,000 by Notes)
Maturity:	12 months from their issuance
Conversion into new shares	At the request of the holder, at any time from their issue until their maturity date, at the conversion ratio for a Note determined by the formula below: N = Vn / P, where: "N" is the number of Shares issue upon conversion of the Notes to be granted to the Note holders, "Vn" is the nominal value of a Note, i.e. EUR 50,000, of which the conversion is requested, "P" is the conversion price (the "Conversion Price") of a Note, i.e. the higher of (i) 95% of the volume-weighted average trading price of the Company's shares on Euronext Paris during the 3 consecutive trading days expiring on the Trading Day immediately preceding the conversion date,(ii)the nominal value of the share and (iii)the minimum issuance price of a share as provided in the Resolution(or any resolution that may succeed it), i.e., to date 80% of the volume-weighted average (in the central order book and excluding off-market block trades) of the Company's share price on Euronext Paris during the 3 trading sessions prior to the pricing of the issue price, it being specified that the theoretical value of the Warrants will be taken into account and that the Shareholder's Meeting has set at 10 million the maximum number of shares that may be issued.
Warrants	
Number of Warrants to be issued :	10 % of the nominal value of the issued Notes (i.e. 33,670 by tranche of 60 Notes and 16,835 by tranche of 30 Notes), detached from the OCABSA as from their issuance.

Condition of exercise:	Exercise by the holder for a period of 5 years from the date of issue, each warrant giving the right to subscribe to one new share.
Exercise price:	8,91 €, representing a 20% premium of the lowest volume-weighted average price over the reference period preceding the issuance of the first tranche.

Use of the OCABSA Agreement at the date of the Universal Registration Document is described in the table below:

Operation	Date	Number of convertible notes	Number of shares issued upon conversion of convertible Notes	Operation	Date	Number of warrants	Number of shares issued upon conversion of warrants	Total number of shares issued
Tranche 1								
Issuance	06/07/2020	60		Issuance	06/07/2020	33 670		
Conversion		60	511 020					
Number of convertible notes oustanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			511 020	Number of shares issued			0	511 020
Tranche 2								
Issuance	24/08/2020	60		Issuance	24/08/2020	33 670		
Conversion		60	614 853					
Number of convertible notes oustanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			614 853	Number of shares issued			0	614 853
Tranche 3 (Resulting from Investor Call No. 1 dated 12 November 2020								
Issuance	17/11/2020	60		Issuance	17/11/2020	33 670		
Conversion		60	475 442					
Number of convertible notes oustanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			475 442	Number of shares issued			0	475 442
Tranche 4 (Resulting from Investor Call No. 2 dated 4 December 2020)								
Issuance	07/12/2020	60		Issuance	07/12/2020	33 670		
Conversion		60	408 163					
Number of convertible notes oustanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			408 163	Number of shares issued			0	408 163
Tranche 5								
Issuance	22/12/2020	60		Issuance	22/12/2020	33 670		
Conversion		60	421 447					
Number of convertible notes oustanding		0		Number of warrants outstanding		33 670		

Operation	Date	Number of convertible notes	Number of shares issued upon conversion of convertible Notes	Operation	Date	Number of warrants	Number of shares issued upon conversion of warrants	Total number of shares issued
Number of shares issued (1)			421 447	Number of shares issued			0	421 447
Tranche 6								
Issuance	02/03/2021	60		Issuance	02/03/2021	33 670		
Conversion		60	502 565					
Number of convertible notes oustanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			502 565	Number of shares issued			0	502 565
Tranche 7								
Issuance	19/05/2021	60		Issuance	19/05/2021	33 670		
Conversion		60	668 984					
Number of convertible notes oustanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			668 984	Number of shares issued			0	668 984
Tranche 8								
Issuance	22/07/2021	60		Issuance	22/07/2021	33 670		
Conversion		60	867 052					
Number of convertible notes oustanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			867 052	Number of shares issued			0	867 052
Tranche 9								
Issuance	24/08/2021	60		Issuance	24/08/2021	33 670		
Conversion		60	603,065					
Number of convertible notes oustanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			603,065	Number of shares issued			0	603,065
Number of shares issued upon conversion of convertible Notes and exercise of warrants								5,072,591
Number of note warrants outstanding								0

(1) i.e. an average parity of 1 Convertible Note for 8,517 new shares for tranche 1, 10,248 new shares for tranche 2, 7,924 new shares for tranche 3, 6,803 new shares for tranche 4, 7,024 new shares for tranche 5, 8 376 new shares for tranche 6, 11 149 new shares for tranche 7, 14 450 new shares for tranche 8 and 10 062 new shares for tranche 9.

As of the date of the Universal Registration Document, the Company has issued nine tranches of 3 million euros (on July 6, 2020, August 24, 2020, November 17, 2020, December 7, 2020, December 22, 2020, March 2, 2021, May 19, 2021, July 22, 2021 and August 24, 2021), representing a total amount of 27 million euros, for which all notes have been converted and no warrants have been exercised, as described in the table above.

The possibility for the Company to issue additional tranches has expired, as the OCABSA Agreement provides that the BEOCABSA may be exercised in tranches over a period of 24 months from June 25, 2020, i.e. until June 25, 2022. BSAs issued under the OCABSA Agreement will be exercisable for a period of 5 years from the date of issue.

The Company publishes and updates on its website (*www.phaxiam.com, section Investisseurs/ Tab "Autres documents*") the monitoring table relating to the OCABSA Agreement.

4.6.7. UNISSUED AUTHORIZED CAPITAL

Unissued authorized capital is described in section 3.1.1.2.8 of the Universal Registration Document.

4.6.8. CAPITAL OF THE COMPANY WHICH IS THE SUBJECT OF AN OPTION OR A CONDITIONAL OR UNCONDITIONAL AGREEMENT PROVIDING TO PLACE IT UNDER AN OPTION

To the Company's knowledge, there are no purchase or sale options or other commitments for the benefit of the Company's shareholders or granted by them relating to Company shares.

4.6.9. CHANGES IN SHARE CAPITAL

The table below summarises transactions involving the share capital in recent years:

Date	Operation	Securities issued/exercised	Amount of capital increase (excluding issue premium)	Number of shares/ securities issued	Nominal value	Share premium per share	Number of shares after transaction	Price per share (including issue/ merger premium)	Post-transaction capital
23/06/15	Capital increase	BSA_{2012} $BSPCE_{2012}$	€653.00	6,530	€0.10	€7.26	6,889,291	€7.36	€688,929.10
02/12/15	Capital increase	BSA_{2012} $BSPCE_{2012}$ $BSPCE_{2014}$	€1,375.00	13,750	€0.10	€7,262 BSPCE2012 12,15 € BSPCE2014	6,903,041	€7,362 BSPCE2012 €12,25 BSPCE2014	€690,304.10
02/12/15	Capital increase	$BSPCE_{2012}$	€649.00	6,490	€0.10	€7.26	6,909,531	€7.36	€690,953.10
03/12/15	Capital increase	Issue of new shares	€94,000.00	940,000	€0.10	€26.90	7,849,531	€27.00	€784,953.10
10/01/16[(1)]	Capital increase	$BSPCE_{2012}$	€7,508.00	75,080	€0.10	€7.26	7,924,611	€7.36	€792,461.10
06/12/16	Capital increase	BSA_{2012} $BSPCE_{2012}$ $BSPCE_{2014}$	€1,416.00	14,160	€0.10	€7,262 BSA_{2012} $BSPCE_{2012}$ €12,15 $BSPCE_{2014}$	7,938,771	€7,362 BSA_{2012} $BSPCE_{2012}$ €12,25 $BSPCE_{2014}$	€793,877.10
07/12/16[(2)]	Capital increase	Issue of new shares	€79,387.70	793,877	€0.10	€12.40	8,732,648	€12,50	€873,264.80
12/04/17	Capital increase	$BSPCE_{2012}$ $BSPCE_{2014}$ BSA_{2014}	€800.00	8,000	€0.10	€7,262 $BSPCE_{2012}$ €12,15 $BSPCE_{2014}$ BSA_{2014}	8,740,648	€7,262 $BSPCE_{2012}$ €12,25 $BSPCE_{2014}$ BSA_{2014}	€874,064.80
19/04/17	Capital increase	Issue of new shares	€300,000.00	3,000,000	€0.10	€23.40	11,740,648	€23.50	€1,174,064.80
06/11/17	Capital increase	$BSPCE_{2014}$	€1,377.40	13,774	€0.10	12,15€ $BSPCE_{2014}$	11,754,422	€12,25 $BSPCE_{2014}$	€1,175,442.20
14/11/17	Capital increase	Issue of new shares	€537,403.30	5,374,033	€0.10	€19.90	17,128,455	€20.00	€1,712,845.50
27/11/17	Capital increase	Issue of new shares	€80,610.40	806,104	€0.10	€19.90	17,934,559	€20.00	€1,793,455.90
07/01/18	Capital increase	$BSPCE_{2014}$	€300.00	3,000	€0.10	€12.15	17,937,559	€12.25	€1,793,755.90
09/03/18	Capital increase	Definitive acquisition of free shares AGA_{2016} Tranche 1	€247.60	2,476	€0.10	NA	17,940,035	NA	€1,794,003.50
26/06/20	Capital increase	$BSPCE_{2012}$	€1,608.00	16,080	€0.10	€7.26	17,956,115	€7.36	€1,795,611.50
31/07/20	Capital increase	OCA (tranche 1)	€12,572.80	125,728	€0.10	€6.66	18,081,843	€6.76	€1,808,184.30
31/08/20	Capital increase	OCA (tranche 1)	€21,977.80	219,778	€0.10	€5.82	18,301,621	€5.92	€1,830,162.10
30/09/20	Capital increase	OCA (tranche 1 et tranche 2)	€69,396.90	693,969	€0.10	€4.87	18,995,590	€4.97	€1,899,559.00
30/10/20	Capital increase	OCA (tranche 2)	€8,639.80	86,398	€0.10	€4.53	19,081,988	€4.63	€1,908,198.80
04/11/20	Capital increase	Definitive acquisition of free shares AGA_{2019} Tranche 1	€674.30	6,743	€0.10	NA	19,088,731	NA	€1,908,873.10
30/11/20	Capital increase	OCA (tranche 3)	€47,544.20	475,442	€0.10	€6.21	19,564,173	€6.31	€1,956,417.30
31/12/20	Capital increase	OCA (tranches 4 et 5)	€49,338.90	493,389	€0.10	€7.20	20,057,562	€7.30	€2,005,756.20
20/01/21	Capital increase	OCA (tranche 5)	€33,622.10	336,221	€0.10	€7.04	20,393,783	€7.14	€2,039,378.30
21/01/21	Capital increase	Definitive acquisition of free shares AGA_{2018} Tranche 2	€169.90	1,699	€0.10	NA	20,395,482	NA	€2,039,548.20

Date	Operation	Securities issued/exercised	Amount of capital increase (excluding issue premium)	Number of shares/ securities issued	Nominal value	Share premium per share	Number of shares after transaction	Price per share (including issue/ merger premium)	Post-transaction capital
03/02/21	Capital increase	Issue of new shares (ATM programme)	€74,418.60	744,186	€0.10	€8.79	21,139,668	€8.89	€2,113,966.80
05/03/21	Capital increase	Definitive acquisition of free shares AGA_{2019} Tranche 1	€425.60	4,256	€0.10	NA	21,143,924	NA	€2,114,392.40
05/03/21	Capital increase	OCA (tranche 6)	€4,249.20	42,492	€0.10	€6.96	21,186,416	€7.06	€2,118,641.60
31/03/21	Capital increase	OCA (tranche 6)	€43,347.80	433,478	€0.10	€5.89	21,619,894	€5.99	€2,161,989.40
14/04/21	Capital increase	OCA (tranche 6)	€2,659.50	26,595	€0.10	€5.54	21,646,489	€5.64	€2,164,648.90
04/05/21	Capital increase	ABSA	€413,793.20	4,137,932	€0.10	€5.91	25,784,421	€6.01	€2,578,442.10
31/05/21	Capital increase	OCA (tranche 7)	€26,380.40	263,804	€0.10	€4.64	26,048,225	€4.74	€2,604,822.50
21/06/21	Capital increase	OCA (tranche 7)	€36,416.40	364,164	€0.10	€4.29	26,412,389	€4.39	€2,641,238.90
30/07/21	Capital increase	OCA (tranches 7 et 8)	€90,806.80	908,068	€0.10	€3.37	27,320,457	€3.47	€2,732,045.70
31/08/21	Capital increase	OCA (tranche 9)	€40,859.00	408,590	€0.10	€4.79	27,729,047	€4.89	€2,772,904.70
30/09/21	Capital increase	OCA (tranche 9)	€19,447.50	194,475	€0.10	€5.04	27,923,522	€5.14	€2,792,352.20
09/10/21	Capital increase	Definitive acquisition of free shares AGA_{2019} Tranche 2	€1,659.90	16,599	€0.10	NA	27,940,121	NA	€2,794,012.10
17/12/21	Capital increase	ABSA	€307,843.20	3,078,432	€0.10	€2.16	31,018,553	€2.26	€3,101,855.30
15/05/23	Capital increase	Issuance of new shares (remuneration of contributions in kind)	€310,174.50	3,101,745	€0.10	€0.05	34,120,298	€0.15	€3,412,029.80
23/06/23	Capital increase	Issuance of new shares (merger consideration)	€2,663,075.60	26,630,756	€0.10	€0.13	60,751,054	€0.23	€6,075,105.40
18/09/23	Reverse stock split		NA	NA	€1.00	NA	6,075,105	NA	€6,075,105.00

(1) Date on which the capital increase was recorded by the Board of Directors following the exercise on 23 December 2015 of 7,508 BSPCE2012 warrants

(2) Capital increase approved by the Board of Directors on 08 January 2017

(3) Date on which the capital increase is recorded by the Board of Directors following the exercise between 1 November and 31 December 2017 of 300 BSPCE2014 warrants

To the best of the Company's knowledge, its share capital has not been pledged.

4.6.10. SHARE PRICE PERFORMANCE

Since the first listing of the Company's shares on the regulated market of NYSE Euronext in Paris on May 7, 2013 and until December 31, 2023 a number of 20,338,029 shares have been exchanged taking into account the Company's Share Reverse Split finalized on September 18, 2023. The share price, which was €116 (adjusted for the reverse stock split) when the Company's shares were first listed, was €4.60 on December 29, 2023. The lowest share price recorded in the year ended December 31, 2023 was €3.10 on September 18, 2023, and the highest was €11.40 on February 3, 2023. Market capitalization at December 31, 2023 stood at 27,945 million euros. Between December 31, 2023 and April 4, 2024, a total of 371,569 shares were traded. On April 4, 2024, the share price was 2.97 euros. Market capitalization on April 4, 2024 stood at 18 million euros.

CHAPTER 5. FINANCIAL AND ACCOUNTING INFORMATION

5.1 REVIEW OF RESULTS AND FINANCIAL POSITION

5.1.1 THREE YEAR FINANACIAL COMPARISON

Readers are invited to read the following information on the financial position and results of the Company and its subsidiary in conjunction with the Universal Registration Document and, in particular, the IFRS consolidated financial statements for the year ended December 31, 2023. Readers are invited to consult the notes to the financial statements, as inserted in section 5.3.1 of the Universal Registration Document. The comments on the financial statements presented below are based solely on the IFRS consolidated financial statements included in section 5.3.1 of the Universal Registration Document.

5.1.1.1 FORMATION OF OPERATING INCOME AND NET INCOME

5.1.1.1.1. INCOME FROM ORDINARY ACTIVITIES

As of the date of the Universal Registration Document, the Company is not generating any sales from the sale of its products, given their stage of development.

Other operating income breaks down as follows :

(in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
Research Tax Credit	3,669	1,486	1,038
Subsidies and extinguishment of conditional advance (1)	383	4,968	52
Income from licenses or other contracts	128	194	235
Net gain on disposal of tangible assets		24,351	
Total	**4,180**	**30,998**	**1,326**

(1)The termination of the BPI repayable advance in 2022 is recorded as a subsidy in the amount of 4,895 K€.
(2) Net proceeds from disposals of fixed assets relate to the sale of the Princeton plant to Catalent, and break down as follows
:

- Proceeds from the same of 40,676K€ (44,500 K USD);
- The net book value of property, plant and equipment 15,673K€ (17,146 K USD);
- The net book value of intangible assets of 4 K€ (4 K USD);
- The net book value of rights of use for 3,022K€ (3,307K USD);
- Cancellation of rental debt for 5,419K€ (5,928K USD);
- Transaction costs of 3,046K € (3,333K USD)

(3) The research tax credit (CIR) recognized for 2021 was received in cash in 2022, and the CIR recognized for 2022 was received in cash in January 2024. The Company expects to receive the CIR recognized for 2023 by the end of 2024. The reduction in the Research Tax Credit in 2022 and 2023 is mainly due to the end of the TRYbeCA1 clinical trial.

5.1.1.1.2. OPERATING EXPENSES BY FUNCTION

Research and development costs

Les frais de recherche et développement sont essentiellement constitués :

- Services, subcontracting and fees, which mainly include the costs of Contract Research Organizations (CROs) conducting clinical trials;
- Personnel costs, including salaries and other related benefits as well as share-based payments for staff assigned to research and development functions;
- Purchases of raw materials, in particular asparaginase, and related transport costs;
- Depreciation and amortization charges.

Since its inception and until its merger with Pherecydes in June 2023, the Company has focused its R&D efforts on the development of eryaspase for the treatment of pancreatic cancer, ALL and AML. In June 2018, the Company decided to focus its development efforts on eryaspase for the treatment of certain solid tumors (including pancreatic cancer). The final results of the TRYbeCA-1 trial were announced by the Company in October 2021. The trial did not achieve its primary endpoint of overall survival. In 2022, ERYTECH withdrew its BLA application to the FDA for the ALL indication, and shortly afterwards, development of the Graspa® product was also abandoned. Since its merger with Pherecydes in June 2023, the Company has focused its R&D efforts on the treatment of bacterial infections with bacteriophages (or phages).

Research and development expenses for the periods presented break down as follows:

(in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
ANTI-STAPHYLOCOCCUS AUREUS	—	—	1,395
ANTI-ESCHERICHIA COLI	—	—	624
AUTRES PHAGES	—	—	103
PHAGOGRAM	—	—	9
ERYASPASE/ERYMETHIONASE	17,515	1,144	(475)
Total direct research and development expenses	**17,515**	**1,144**	**1,656**
Consumables	3,094	332	199
Rental and maintenance	1,473	993	338
Services, subcontracting and fees	2,467	1,398	760
Personnel expenses (1)	15,594	11,459	7,184
Net depreciation, amortization and provisions	4,883	3,992	620
Other	74	588	153
Total indirect research and development costs	**27,585**	**18,763**	**9,254**
Total research and development expenses (2)	**45,100**	**19,907**	**10,910**

(1) including share-based payment expenses of 680 K€ in 2021, (44) K€ in 2022 and 156 K€ in 2023.
(2) including 40,521 K€ in 2021, 15,299 K€ in 2022 and 5,026 K€ in 2023 for clinical trials.

Research and development costs will fall successively by 25.2 million euros and 9.0 million euros between 2021 and 2023.

The decrease between 2021 and 2022 is mainly due to:

- 16.3 million reduction in eryaspase development costs (patient costs, CRO expenses, fatpa production costs)
- a 2.8 million euro reduction in consumables, as no additional purchases of Eryaspase were made
- a 4.1 million euro reduction in personnel costs, with the transfer of employees from the Princeton plant to Catalent at the end of April 2022, and the restructuring plan in Lyon in the fourth half of 2022
- a €0.9 million reduction in depreciation, amortization and provisions, mainly due to lower depreciation on the disposal of the Princeton production site sold to Catalent for €1.9 million, partly offset by depreciation of fixtures, fittings, equipment and rights of use at the Adenine production plant in France for €1.7 million.

The decline between 2022 and 2023 is mainly due to
- a decrease of €1,619,000 linked to the completion of the "TRYbeCA1" clinical trial, offset by an increase of €2.1 million linked to phage studies;
- lower R&D personnel costs of 4.3 million euros (the average number of full-time employees assigned to R&D activities was 152 in 2021, 93 in 2022 and 37 in 2023)
- a further fall in depreciation and amortization following the sale of the Princeton production site to Catalent in April 2022 (full-year effect), and the absence of provisions for fixed assets as in the previous year for Adenine

General and administrative expenses

Les frais généraux et administratifs sont essentiellement constitués :

- Services, subcontracting and fees, including legal, accounting and auditing fees, insurance costs and overheads;

- Personnel costs, including salaries and other related benefits, as well as share-based payments for employees in non-research and development functions.

General and administrative expenses represented a total expenditure of 15,595 K€ in 2021, 13,887 K€ in 2022 (down (11%) on 2021) and 14,076 K€ in 2023 (up 1% on 2022).

General and administrative expenses for the periods presented break down as follows:

(in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
Consumables	226	93	89
Rental and maintenance	1,129	1,048	690
Services, subcontracting and fees	6,684	6,477	9,084
Personnel expenses(1)	6,174	5,013	3,400
Net depreciation, amortization and provisions	494	627	110
Other(2)	888	630	704
Total	**15,595**	**13,887**	**14,076**

(1) including share-based compensation expenses of 561 k€ in 2021, 442 k€ in 2022 and 309 k€ in 2023.

(2) including share-based compensation expenses (in connection with stock warrants granted to directors and the Chairman of the Board) of €82,000 in 2021, €49,000 in 2022 and €228,000 in 2023.

The decrease of (1,708) k€ in general and administrative expenses in 2022 is mainly due to a (1,160) k€ reduction in personnel costs.

The relative stability of general and administrative expenses between 2022 and 2023 is explained by the continued fall in personnel costs of €1,613k (the average number of full-time employees allocated to general and administrative expenses was 42 in 2021, 26 in 2022 and 13 in 2023), offset by the rise in services and fees mainly due to the costs of the merger between Erytech and Pherecydes.

5.1.1.1.3 FINANCIAL RE

Net financial income consists mainly of :

- income and expenses relating to the convertible bond recognized in accordance with IFRS 9 (amortized cost and change in fair value of embedded derivatives);
- interest expense on borrowings and lease payments ;
- income received on cash and cash equivalents; and
- foreign exchange gains and losses on financing and investment transactions.

Net financial income for the periods presented breaks down as follows:

(in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
Financial income	5,422	4,453	474
Financial expenses	(2,702)	(1,364)	(511)
Financial income (loss)	**2,720**	**3,089**	**(37)**

Net financial expense corresponds mainly to:

- Net foreign exchange gains and (losses) of k€3,570 in 2021, k€2,891 in 2022 and k€(141) in 2023. The variations over the periods presented are due to the fluctuation of the Euro/USD conversion rate, which at the end of 2023 was 1.105, with an increase compared with the end of 2022 (to 1.0666), and a significant decrease compared with the end of 2021 (to 1.1326).
- Interest expenses (leases and borrowings) of €572k, €319k and €196k respectively in 2021, 2022 and 2023, a net expense of €390k in 2021, linked to the recognition of the OCABSA contract in accordance with IFRS 9 (with no corresponding expense in subsequent years), and in 2022, interest income of €386k linked to the extinguishment of the BPI repayable advance.

5.1.1.1.4 CORPORATE INCOME TAX

The corporate income tax expense of €0.5 million and income of €0.2 million recognized in 2022 and 2023 respectively is mainly due to the estimated, then definitively calculated, tax on the capital gain from the disposal of Princeton in 2022.

5.1.1.1.5 EARNINGS PER SHARE

	31/12/2021	31/12/2022	31/12/2023
Net loss (in thousands of euros)	(53,797)	(228)	(23,488)
Weighted number of shares for the period (1)	2,369,246	3,101,605	4,695,135
Basic loss per share (€/share)	**(22.71)**	**(0.07)**	**(5.00)**
Diluted loss per share (€/share)	**(22.71)**	**(0.07)**	**(5.00)**

5.1.1.2 BALANCE SHEET ANALYSIS

5.1.1.2.1 NON-CURRENT ASSETS

(in K€)	31/12/2021	31/12/2022	31/12/2023
Intangible assets	15	5	21,362
Goodwill	—	—	9,622
Property, plant and equipment	18,960	393	1,004
Right of use	6,869	2,584	2,895
Other non-current financial assets	876	195	205
Total non-current assets	**26,720**	**3,177**	**35,088**

Intangible assets mainly comprise IP recognized as part of the business combination with Pherecydes (€21,361,000), and ongoing research and development projects (osteoarticular infections on prostheses (PJI) (€17,909,000) and endocarditis (EnDoCom) (€3,452,000) (see note 4.1.2 to the consolidated financial statements).

Goodwill of €9,622k was recognized as part of the business combination with Pherecydes (see note 4.1.2 to the consolidated financial statements).

The decrease in property, plant and equipment and rights of use of 18.6 million euros and 4.2 million euros respectively between 2021 and 2022 is mainly due to the disposal of the Princeton site. The increase in property, plant and equipment of 0.6 million euros between 2022 and 2023 is mainly due to investments in equipment following the merger with Pherecydes.

The right of use is linked to the application of IFRS 16 from January 1, 2019 (see note 4.2 to the consolidated financial statements). The increase over 2023 is due to the business combination for the Nantes and Romainville premises.

Non-current financial assets mainly comprise deposits and guarantees in connection with property leases in progress, and supplier prepayments.

5.1.1.2.2 CURRENT ASSETS

(in K€)	31/12/2021	31/12/2022	31/12/2023
Stocks	—	0	—
Accounts receivable	12	76	103
Other current assets	6,337	3,769	5,643
of which research tax credit	*3,549*	*1,484*	*3,134*
of which tax (VAT...), social security and other receivables	*669*	*973*	*1,627*
of which net investment in a sublease	479	*43*	*0*
of which suppliers - prepayments	*377*	*342*	*194*
of which prepaid expenses	*1,256*	*805*	*671*
of which other current financial assets	7	*121*	*17*
Cash and cash equivalents	33,699	38,789	10,474
Total current assets	**40,048**	**42,634**	**16,219**

Other receivables mainly include :

- At December 31, 2021, December 31, 2022 and December 31, 2023, the CIR claim included the research tax credit for the previous year.
- Tax, social security and other receivables mainly comprised VAT receivables (€610,000 at December 31, 2021, €899,000 at December 31, 2022 and €1,567,000 at December 31, 2023) and credit notes receivable (€9,000 at December 31, 2021 and €15,000 at December 31, 2022).
- At December 31, 2022, prepaid expenses correspond mainly to rent and insurance costs, amounting to 146 K€ and 414 K€ respectively. At December 31, 2023, prepaid expenses correspond mainly to rent and insurance costs, amounting to 27 K€ and 252 K€ respectively.

5.1.1.2.3 SHAREHOLDERS' EQUITY

(in K€)	31/12/2021	31/12/2022	31/12/2023
Capital	3,102	3,102	6,075
Bonus	97,618	48,975	49,671
Reserves	(25,293)	(29,765)	(7,834)
Translation reserves	1,215	1,402	1,189
Net income	(53,797)	(228)	(23,488)
Total shareholders' equity	**22,845**	**23,487**	**25,612**

Following the business combination, the Company carried out a capital and premium increase of €25,078k in 2023.

At December 31, 2023, the Company's share capital comprised 6,075,105 fully paid-up shares with a par value of €1.00.

5.1.1.2.4 NON-CURRENT LIABILITIES

(in K€)	31/12/2021	31/12/2022	31/12/2023
Provisions - Non-current portion	524	419	1,051
Financial debt - Portion due in more than one year	15,232	7,547	7,030
of which conditional advances	*9,913*		*463*
of which bank borrowings	9,913	*7,507*	*6,566*
Derivative liabilities - Non-current portion	—		
Rent payable - Portion due in more than one year	*8,162*	*2,680*	2,348
Deferred tax liabilities	—	—	—
Total non-current liabilities	**23,918**	**10,646**	**10,429**

Non-current provisions mainly comprise a provision for retirement indemnities of 524 k€ in 2021 and 318 k€ in 2022. In 2023, non-current provisions include 374 k€ for retirement benefits, and 549 k€ for a dispute with a subcontractor.

Non-current financial liabilities comprise two State-guaranteed loans taken out by PHAXIAM in 2020, repayable over 4 years starting in 2023. In 2021, they also include a conditional advance granted by BPI for the TEDAC project.

The business combination with Pherecydes increased non-current financial liabilities for a State-guaranteed loan in the nominal amount of 2.0 million euros and a conditional advance in connection with the company's projects.

At December 31, 2023, the non-current rent liability concerns only the Lyon premises.

5.1.1.2.5 LIABILITIES

5.1.1.2.6 CURRENT LIABILITIES

(in K€)	31/12/2021	31/12/2022	31/12/2023
Provisions - Current portion	—	314	96
Borrowings - Current portion	164	2,565	3,169
of which bank borrowings	*164*	*2,565*	*3,052*
of which convertible bonds			
Derivative liabilities - Current portion	—	—	—
Lease liabilities - Current portion	1,817	775	718
Trade accounts payable	14,154	5,115	7,104
Other current liabilities	3,870	2,909	4,177
of which tax and social security liabilities	*3,716*	*2,799*	*3,454*
of which liabilities on fixed assets	2	—	*505*
Total current liabilities	**20,005**	**11,678**	**15,264**

In 2023, current borrowings mainly comprise the portion repayable in less than one year of two State-guaranteed loans taken out in 2020, and the State-guaranteed loan following the business combination.

Current rental liabilities relate to property leases in France (Lyon).

Trade payables mainly relate to clinical trials. Unpaid invoices for hospital costs amounted to 9,289 k€ at December 31, 2021, 2,355 k€ at December 31, 2022 and 1,431 k€ at December 31, 2023, and are mainly related to the end of the TRYbeCA-1 phase 3 clinical trial. The decrease in invoices not yet received for

hospital costs between 2021 and 2022 breaks down into an amount invoiced in 2022 of 3,882 k€ and a change in estimate recorded as a reduction in research and development costs of (3,053) k€. The decrease in hospital costs in 2023 is linked to invoices received for 234 k€ and a change in estimate recorded as a reduction in research and development costs for (689) k€.

Other current liabilities mainly comprise tax and social security debts, and debts on fixed assets in connection with work undertaken at the Lyon laboratories. .

5.1.2 PRESENTATION OF PHAXIAM'S ECONOMIC AND FINANCIAL RESULTS

The comments on the financial statements presented below are based solely on PHAXIAM's statutory financial statements drawn up in accordance with French GAAP and presented in section 5.3.3 of the Universal Registration Document.

Sales will amount to €129,368 in 2023 compared with €3,723,836 in 2022. corresponds to billings to its subsidiary PHAXIAM Inc for €129,368 and - € linked to the sale of compassionate access test products.

The increase in operating subsidies in 2022 is due to the transfer to subsidies of the BPI repayable advance for the TEDAC program for 4,895 K€.

Total operating revenues amounted to €1,864,915 in 2023, compared with €8,975,208 in the previous year.

Operating expenses amounted to €26,238,591 in 2023, compared with €28,992,830 in the previous year, a decrease of (9%). Other purchases and external expenses fell by (€1,956,335) or 11%, mainly due to the end of treatment for patients in the TRYbeCA1 pancreatic cancer clinical trial. Personnel expenses fell by (€277,856) or 3%.

Operating income showed a loss of €24,373,675 in 2023, compared with €20,017,622 in the previous year.

Net financial expense will be €2,573,248 in 2023, compared with €6,030,483 in 2022. In 2023, a provision for impairment of ERYTECH Inc. shares of (€9,423,334) has been recorded. In 2023, net financial income also includes a net foreign exchange loss of (€88,041) due to the fall in the dollar against the euro.

Profit before tax and exceptional items for the year was a loss of €26,946,923 in 2023, compared with €26,048,106 in the previous year.

Exceptional items for 2023 amounted to €531,341. It includes exceptional depreciation and provisions of €296,939 relating to the restructuring of the Lyon industrial facilities.

The income tax item represents income of €(1,651,139) in 2023, compared with €(1,485,890) in 2022. It corresponds to the research tax credit.

Taking into account the above items, net income for the year showed a loss of €(25,827,125).

5.2. CASH AND CAPITAL

Readers are also referred to notes 4.7 and 4.9 to the IFRS consolidated financial statements in section 5.3.1 of the Universal Registration Document.

5.2.1. INFORMATION ON THE COMPANY'S CAPITAL RESOURCES, LIQUIDITY AND SOURCES OF FINANCING

Cash and cash equivalents held by the Company amounted to 33,699 K€ at December 31, 2021, 38,789 K€ at December 31, 2022 and 10,474 K€ at December 31, 2023.

Cash and cash equivalents comprise cash on hand and liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value (mainly term deposits).

5.2.1.1 CAPITAL FINANCING

At the time of the Universal Registration Document, the Company had received a total of 363.2 million euros in successive financing rounds.

Year	Operations	Gross amount (in millions of euros)
Until 2012	Financing through the issue of new shares of several classes: ordinary shares, preference shares class P, U and A	17.7
2013	Initial public offering on Euronext	17.7
2014	Subsequent offer	30.0
2015	Private placement	25.4
2016	Private placement	9.9
2017	Subsequent offer	70.5
2017	Global offering: initial public offering on Nasdaq and concurrent private placement in Europe	123.6
2020-2021	Conversion of convertible bonds into shares	27.0
2021	Sales of At-The-Market (ATM) shares	6.6
2021	Registered Direct Offering (April & December)	31.8
2023	Exchange of shares contribution in kind Pherecydes	0.3
2023	Pherecydes merger share exchange	2.7
	TOTAL	**363.2**

Registered Direct Offering

In April 2021, the Company carried out a capital increase, without pre-emptive subscription rights, for a gross amount (including issue premium) of 24,868,971.30 euros, through the issue of 4,137,932 new shares with a par value of 0.10 euros each, accompanied by warrants to subscribe for shares in the Company at a unit price of 6.01 euros.

In December 2021, the Company carried out a capital increase, without pre-emptive subscription rights, by means of an offering reserved for certain categories of persons, for a gross amount, including issue

premium, of 6,957,256.32 euros, through the issue of 3,078,432 new shares with a par value of 0.10 euros each, accompanied by warrants to subscribe for shares in the Company at a unit price of 2.26 euros.

5.2.1.2 FINANCING THROUGH SUBSIDIES AND REPAYABLE ADVANCES

Since the Company's creation and up to the date of the Universal Registration Document, the Company has received non-refundable grants from Bpifrance amounting to 2.7 million euros for preclinical research programs.

The Company has also received three conditional advances from Bpifrance amounting to 5.8 million euros. Only the conditional advance relating to the TEDAC program was outstanding at the date of the Universal Registration Document. No repayments were made during the years presented.

The TEDAC research program, which is financed by non-refundable grants and conditional advances from Bpifrance, is funded according to a schedule specified in the contract, subject to the achievement of key milestones. Interim progress reports based on program progress and a final report are provided to Bpifrance at the end of the milestones. On the basis of these reports, the Company may benefit from conditional advances and non-refundable grants, each payment being made to help finance a specific stage of development.

- Total subsidies under the contract amounted to €2,058,000, all of which had been received by the date of the Universal Registration Document.

- The total amount of conditional advances provided for in the contract is €4,895,000, of which the Company has received a total of €4,895,000 as of the date of the Universal Registration Document. Repayment of this conditional advance is contingent on the Company achieving cumulative sales of €10 million in Graspa solid tumors. Following the failure of the Trybeca-1 and Trybeca-2 trials, these sales will not take place. Insufficient results from the clinical trials carried out as part of the Tedac project, and more generally from the GRASPA product derived from the ERYCAPS platform, have led to a total halt in the industrial and commercial exploitation of the Tedac project.

Consequently, in 2022, the extinguishment of the conditional loan has been recorded under grant income. *(see note 4.9.2 to the consolidated financial statements presented in section 5.3.1 of the Universal Registration Document for further information).*

5.2.1.3 RESEARCH TAX CREDIT FINANCING

The Company has been eligible for the research tax credit since its creation, and benefits from the provisions of articles 244 quater B and 49 septies F of the French General Tax Code relating to research tax credits. The Company has recognized research tax credit income of 6.2 million euros for the years 2021 to 2023, of which 3.1 million euros had been received by the date of the Universal Registration Document. The balance is scheduled for repayment in 2024.

(see notes 3.1 and 4.5 to the consolidated financial statements presented in section 5.3.1 of the Universal Registration Document for further information).

5.2.1.4 DEBT FINANCING

The Company has also financed its operations by issuing loans.

5.2.1.4.1. OCABSA CONTRACT WITH EUROPEAN HIGH GROWTH OPPORTUNITIES SECURITIZATION FUND

(See section 4.6.6.1 of the Universal Registration Document).

5.2.1.4.2. BANK LOANS

In November 2020, the Company signed two State Guaranteed Loans (or PGEs) of 5 million euros each with Bpifrance and Société Générale in the context of the COVID-19 pandemic. The loans bear interest at fixed rates of 1.67% and 0.25% p.a. respectively. They have an initial term of one year, with an option to defer repayment for five years. The government guarantees 90% of the total amount due. The funds were received in November 2020 and contribute to the cash available at December 31, 2020. As the Company has exercised its option to defer repayment, both loans are classified under "Non-current financial liabilities".

The combination with Pherecydes during the year included a State Guaranteed Loan (or PGE) for 2 million euros over a 5-year period with an interest rate of 2.25%.

5.2.2. CASH FLOWS

Cash flows for the years presented break down as follows:

(in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
Cash flow used in operating activities	(56,770)	(31,763)	(24,428)
Cash flow used in investing activities	(345)	38,126	171
Cash flows provided by (used in) financing activities	44,712	(1,768)	(3,716)
Effect of exchange rate changes on cash and cash equivalents	1,656	495	(342)
Increase (decrease) in cash and cash equivalents	**(10,747)**	**5,090**	**(28,315)**

5.2.2.1 CASH FLOWS FROM OPERATING ACTIVITIES

(in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
Cash flow	(49,615)	(23,663)	(22,063)
Change in working capital	(7,153)	(8,097)	(2,071)
Cash flow used in operating activities	**(56,768)**	**(31,762)**	**(24,428)**

Cash flows used by operating activities were €56,770k, €31,763k and €24,428k respectively for 2021, 2022 and 2023. In 2021, 2022 and 2023, the negative impact on working capital is mainly due to the reversal of provisions for hospital costs, as invoices are received and paid.

5.2.2.2 CASH FLOW FROM INVESTING ACTIVITIES

(in K€)	31/12/2021	31/12/2022	31/12/2023
Acquisitions of property, plant and equipment, net of disposals	(298)	(85)	(217)
Disposals of property, plant and equipment	—	37,630	23
Acquisitions of intangible assets	0	0	0
Increase in non-current and current financial assets, net of decreases	(46)	581	356
Cash flow used in investing activities	**(345)**	**38,126**	**171**

Cash flows used in investing activities were €345,000, €38,126,000 and €171,000 respectively for the years 2021, 2022 and 2023.

The production site in Princeton, USA has been sold to Catalent in 2022 (see line "Disposal of fixed assets").

Most of the capital expenditure in 2023 will be related to work on the Bioserra building in Lyon.

5.2.2.3 CASH FLOWS FROM FINANCING ACTIVITIES

(in K€)	31/12/2021	31/12/2022	31/12/2023
Capital increase in cash, net of expenses	34,631	—	—
Bond issues	12,157	3,081	0
Loan repayments	—	(3,081)	(2,725)
Repayment of rental debt, net of allowances received	(1,702)	(1,545)	(1,052)
Interest received (paid)	(374)	(223)	61
Other	—	—	0
Cash flows provided by (used in) financing activities	**44,712**	**(1,768)**	**(3,716)**

Cash flows from financing activities were €44,712k, €(1,768)k and €(3,716)k respectively for the years 2021, 2022 and 2023.

In 2021, capital and premiums increased by 6.4 million euros for ATM in February, by 22.4 million euros for registered offering in April and by 5.8 million euros for registered offering in December.

In 2021, the increase in borrowings relates to the issue of tranches no. 6, 7, 8 and 9 of the OCABSA for an amount of €12 million, net of issue costs (€577,000), and a conditional advance under the TEDAC project for a total amount of €734,000.

In 2022 and 2023, flows generated by loan repayments are mainly from the State Guaranteed Loan.

5.2.3. INFORMATION ON BORROWING CONDITIONS AND FINANCING STRUCTURE

Information on the financing of the Company's activities is provided in section 5.2.1 of the Universal Registration Document.

5.2.4. RESTRICTIONS ON THE USE OF CAPITAL

The Company faces no restrictions on the availability of its capital.

5.2.5. FUTURE FINANCING REQUIREMENTS

As of December 31, 2023, the Company had cash and cash equivalents of 10.5 million euros. The Company estimates that its current cash position will enable it to finance its current programs and planned operating expenses until the beginning of September 2024 *(See section 2.4.1 of the Universal Registration Document).*

As a result, the company's current cash and cash equivalents should not be sufficient to cover its operating needs for at least the next 12 months.

At the same time, PHAXIAM is pursuing discussions aimed at refinancing the company in the first half of 2024 in order to continue its project.

These events and conditions indicate that there is significant uncertainty about the Company's ability to continue as a going concern. Consequently, it may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Company is evaluating various sources of financing, including the issuance of equity instruments and/or new debt or partnership agreements to continue financing the Company's operations beyond its liquidity horizon.

The Company's ability to raise short-term financing will depend on financial and economic conditions and the willingness of investors or lenders to provide financing, and the Company may be unable to raise short-term financing on favorable terms or at all. In addition, the high volatility of the financial markets has had, and may continue to have, a negative impact on the price of our ordinary shares, and could adversely affect our ability to raise additional funds. If the Company is unable to raise capital when needed or on favorable terms, it could be forced to delay, reduce or eliminate its research and development programs or any future commercialization efforts, or cease all operations, and its shareholders could lose all or part of their investment in the Company.

5.3 FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS OF OPERATIONS

5.3.1. CONSOLIDATED FINANCIALS STATEMENTS PREPARED IN ACCORDANCE WITH IFRS STANDARDS FOR THE YEAR ENDED DECEMBER 31, 2023

CONSOLIDATED STATEMENT OF NET INCOME

(in thousands of euros, except for earnings per share)	Notes	31/12/2021 (12 mois)	31/12/2022 (12 mois)	31/12/2023 (12 mois)
Other operating income	3.1	4,180	30,998	1,326
Income from ordinary activities		**4,180**	**30,998**	**1,326**
Research and development costs	3.2.1	(45,100)	(19,907)	(10,910)
General and administrative expenses	3.2.2	(15,595)	(13,887)	(14,076)
Operating expenses		**(60,695)**	**(33,794)**	**(24,986)**
Current operating income		**(56,515)**	**(2,796)**	**(23,660)**
Financial income	3.5	5,422	4,453	474
Financial expenses	3.5	(2,702)	(1,364)	(511)
Net financial income		**2,720**	**3,089**	**(37)**
Income tax	3.6	(2)	(521)	208
Net income		**(53,797)**	**(228)**	**(23,488)**
Basic / diluted earnings per share (€ / share) (1)	3.7	**(22.71)**	**(0.07)**	**(5.00)**

(1) Following the consolidation of PHAXIAM shares by the exchange of ten existing shares for one new share on September 18, 2023, the basic/diluted loss per share has been recalculated.

The notes are an integral part of the accompanying consolidated financials statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in K€	31/12/2021 (12 mois)	31/12/2022 (12 mois)	31/12/2023 (12 mois)
Net income	**(53,797)**	**(228)**	**(23,488)**
Items subsequently recyclable in profit or loss			
Change in translation reserve	(528)	187	(213)
Items not subsequently recyclable in the income statement			
Revaluation of defined benefit liabilities	68	235	49
Tax effect	—	—	—
Other comprehensive income	**(460)**	**422**	**(164)**
Overall result	**(54,257)**	**194**	**(23,652)**

The notes are an integral part of the accompanying consolidated financials statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in K€)	Notes	31/12/2021	31/12/2022	31/12/2023
ASSETS				
Non-current assets				
Intangible assets	**4.1.1**	15	5	21,362
Goodwill	**4.1.2**	—	—	9,622
Property, plant and equipment	**4.1.3**	18,960	393	1,004
Right of use	**4.2**	6,869	2,584	2,895
Other non-current assets	**4.3**	876	195	205
Total non-current assets		**26,720**	**3,177**	**35,088**
Current assets				
Stocks		—	—	—
Accounts receivable	**4.4**	12	76	103
Other current assets	**4.4**	6,337	3,769	5,643
Cash and cash equivalents	**4.5**	33,699	38,789	10,474
Total current assets		**40,048**	**42,634**	**16,219**
TOTAL ASSETS		**66,768**	**45,811**	**51,307**

(in K€)	Notes	31/12/2021	31/12/2022	31/12/2023
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Capital		3,102	3,102	6,075
Bonus		97,618	48,975	49,671
Reserves		(25,293)	(29,765)	(7,834)
Translation reserves		1,215	1,402	1,189
Net income		(53,797)	(228)	(23,488)
Total shareholders' equity	**4.6**	**22,845**	**23,487**	**25,612**
Non-current liabilities				
Provisions - non-current portion	**4.7**	524	419	1,051
Long-term debt	**4.8**	15,232	7,547	7,030
Derivative liabilities - portion due in more than one year	**4.8.1**	—	—	—
Rent payable - portion due in more than one year	**4.9**	8,162	2,680	2,348
Deferred tax liabilities		—	—	—
Total non-current liabilities		**23,918**	**10,646**	**10,429**
Current liabilities				
Provisions - current portion	**4.7**	—	314	96
Financial debt - current portion	**4.8**	164	2,565	3,169
Derivative liabilities - current portion	**4.8.1**	—	—	—
Rent payable - current portion	**4.9**	1,817	775	718
Trade accounts payable	**4.10**	14,154	5,115	7,104
Other current liabilities	**4.10**	3,870	2,909	4,177
Total current liabilities		**20,005**	**11,678**	**15,264**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**66,768**	**45,811**	**51,307**

The notes are an integral part of the accompanying consolidated financials statements.

CONSOLIDATED CASH FLOW STATEMENT

in K€		31/12/2021 (12 months)	31/12/2022 (12 months)	31/12/2023 (12 months)
Cash flow from operating activities				
Net income		**(53,797)**	**(228)**	**(23,488)**
Non-cash expenses (income)				
Foreign exchange gains or losses		(3,570)	(510)	111
Depreciation and amortization	**3.4**	5,377	4,619	793
Charges to (reversals of) provisions		135	445	(8)
Repayable advance	**4.8.2**	—	(4,895)	—
Change in fair value of derivative liabilities		(1,175)	—	—
Share-based payment expense	**3.3**	1,323	447	693
Gains and losses on disposals of property, plant and equipment and intangible assets (1)		17	(23,893)	112
Interest expense (income)		2,073	(169)	(67)
Income tax expense (current and deferred)	**3.6**	2	521	(208)
Net cash used in operating activities before changes in WCR		**(49,615)**	**(23,663)**	**(22,063)**
(Increase) decrease in inventories		—	—	—
(Increase) decrease in trade accounts receivable	**4.4**	(8)	(63)	218
(Increase) decrease in other current assets	**4.4**	(94)	2,734	(923)
Increase (decrease) in trade accounts payable	**4.10**	(6,477)	(9,220)	(1,213)
Increase (decrease) in other current liabilities	**4.10**	(574)	(1,548)	(152)
Change in working capital		**(7,153)**	**(8,097)**	**(2,071)**
Tax paid		(2)	(3)	(294)
Net cash used in operating activities		**(56,770)**	**(31,763)**	**(24,428)**
Cash flow from investing activities				
Business combinations (2)		—	—	10
Acquisitions of property, plant and equipment	**4.1.2**	(298)	(85)	(217)
Acquisitions of intangible assets	**4.1.1**	—	—	—
Increase in non-current and current financial assets	**4.3**	(192)	(5)	(4)
Disposal of property, plant and equipment	**3.1**	—	37,630	23
Decrease in non-current and current financial assets	**4.3**	145	586	360
Net cash provided by/(used in) investing activities		**(345)**	**38,126**	**171**
Cash flows from financing activities				
Capital increase in cash, net of expenses	**4.6**	34,631	—	—
Subscription of share warrants		—	—	—
Bond issues	**4.8**	12,157	3,081	—
Loan repayments	**4.8**	—	(3,081)	(2,725)
Repayment of lease liability (IFRS 16)	**4.9**	(1,702)	(1,545)	(1,052)
Interest received (paid)		(374)	(223)	61
Effect of exchange rate changes on cash and cash equivalents		**44,712**	**(1,768)**	**(3,716)**
Increase (decrease) in cash and cash equivalents		1,656	495	(342)
Net cash at beginning of year		**(10,747)**	**5,090**	**(28,315)**
Net cash and cash equivalents at end of year	**4.5**	44,446	33,699	38,789
Trésorerie nette en fin d'exercice	**4.5**	33,699	38,789	10,474

(1) includes the net capital gain on the sale to Catalent of tht Princeton plant for 24,350K euros in 2022 (see note 3.1) and the scrapping of manufacturing equipment for 457K euros (see note 4.1.2)

(2) includes the cash acquired from PHERECYDES Pharma for 10 K€.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In K€, except for number of shares)	Capital	Share premium	Reserves	Translation reserves	Results	Total shareholder s' equity
At December 31, 2020	**2,006**	**120,705**	**(24,616)**	**1,744**	**(73,300)**	**26,539**
Net income for the period					(53,797)	(53,797)
Other comprehensive income			68	(528)		(460)
Overall result	**—**	**—**	**68**	**(528)**	**(53,797)**	**(54,257)**
Appropriation of n-1 profit		(71,037)	(2,263)		73,300	—
Other changes			195			195
Transaction costs		(3,811)				(3,811)
Issue of ordinary shares	1,096	51,746				52,842
Issuance of warrants		15				15
Share-based payments			1,323			1,323
At December 31, 2021	**3,102**	**97,618**	**(25,293)**	**1,215**	**(53,797)**	**22,845**
Net income for the period					(228)	(228)
Other comprehensive income			235	187		422
Overall result	**—**	**—**	**235**	**187**	**(228)**	**194**
Appropriation of n-1 profit		(48,643)	(5,154)		53,797	—
Share-based payments			447			447
At December 31, 2022	**3,102**	**48,975**	**(29,765)**	**1,402**	**(228)**	**23,487**
Net income for the period					(23,488)	(23,488)
Other comprehensive income			49	(213)		(164)
Overall result	**—**	**—**	**49**	**(213)**	**(23,488)**	**(23,652)**
Appropriation of n-1 profit (2)		(21,408)	21,180		228	—
Other changes			7			7
Issuance of common shares in connection with the business combination (1)	2,973	22,105				25,078
Share-based payments			693			693
At December 31, 2023	**6,075**	**49,672**	**(7,836)**	**1,189**	**(23,488)**	**25,612**

(1) See note 4.1.2 for further details

(2) The loss for fiscal year 2022 has been partially offset against additional paid-in capital in the parent company financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes form an integral part of the consolidated financial statements. The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 20, 2024.

1. BUSINESS DESCRIPTION

PHAXIAM Therapeutics S.A. ("PHAXIAM" and its subsidiary, hereinafter referred to as "the Company") was founded in Lyon, France in 2004 to develop and commercialize innovative red cell-based therapies for cancers and orphan diseases.

The Company went public on Euronext Paris in May 2013, raising €17.7 million, and on the Nasdaq Global Select Market in November 2017, raising a gross amount, before expenses, of €124 million ($144 million).

Since its creation, the Company has incurred losses and negative cash flow from operating activities. At December 31, 2023, after taking into account the above items and the various financing rounds, the Company had shareholders' equity of €25,612,000. The Company expects to incur further losses until it can, if ever, generate significant revenues from its product candidates under development.

The Company's future business depends heavily on a combination of factors, including: (i) the success of the proposed merger with PHERECYDES in June 2023 (strategic partnership, see 2.9); (ii) the success of the new entity's research and development activities; (iii) regulatory approval and market acceptance of the new entity's future product offerings; (iv) the timely raising of additional financing; and (v) the development of competing therapies by other biotechnology and pharmaceutical companies. Consequently, the Company is and will continue to be financed in the short and medium term by the issuance of new debt or equity instruments.

The situation on the financial markets and uncertainty about the results of research and development could affect the company's ability to finance its operations through capital increases as required or on attractive terms.

The consolidated financial statements and notes to the financial statements (the "Consolidated Financial Statements") present the business activity of PHAXIAM Therapeutics and its subsidiary, ERYTECH Inc, for the year ended December 31, 2023.
PHAXIAM Therapeutics head office address: 60 avenue Rockefeller, 69008, Lyon, France.

Highlights of fiscal year 2023

Activity

February 2023:

On February 15, 2023, ERYTECH announced a strategic alliance with Pherecydes, a biotechnology company specializing in precision phagotherapy to treat resistance and/or complicated bacterial infections, with the intention of building a world leader in phagotherapy.

March 2023 :

On March 20, 2023, ERYTECH's Social and Economic Committee issued a favorable opinion on the proposed merger with PHERECYDES, in accordance with the legal and regulatory provisions in force.

April 2023 :

ERYTECH Pharma received approval from The Nasdaq Stock Market LLC on April 12, 2023, to transfer the listing of its American Depositary Shares representing ordinary shares of the Company ("ADSs") from the Nasdaq Global Select Market to the Nasdaq Capital Market. The transfer became effective at the opening of trading on April 14, 2023. ERYTECH's shares continued to trade under the symbol "ERYP" and trading in its ADSs was not affected by the transfer.

On April 17, 2023, Akkadian Partners, an entity domiciled in Luxembourg and acting on behalf of Akkadian Partners Fund, declared that on April 13, 2023, it had exceeded the threshold of 5% of ERYTECH Pharma's capital and held 5.06% of the company's capital and 4.83% of its voting rights.

May 2023 :

On May 1, 2023, Akkadian Partners informed ERYTECH's Board of Directors of its intention to oppose the proposed merger with PHERECYDES and take de facto control of ERYTECH in order to pursue alternative acquisition projects with ERYTECH's cash. After reviewing and evaluating the acquisition projects mentioned by Akkadian, ERYTECH's management and Board of Directors, with the assistance of external financial and legal advisors, determined that the proposed ideas were not in the best interests of ERYTECH and its stakeholders.

On May 15, 2023, ERYTECH and PHERECYDES entered into a merger agreement, under which PHERECYDES would be absorbed into ERYTECH and PHERECYDES shareholders would receive 15 new ERYTECH shares for every 4 PHERECYDES shares they owned. A contribution by Elaia Partners, GoCapital, and a pool of PHERECYDES shareholders represented by Mr. Guy Rigaud, of 827,132 PHERECYDES shares was made to ERYTECH in consideration for 3,101,745 newly issued ERYTECH shares.

June 2023 :

On June 5, 2023, ERYTECH Pharma announced that Akkadian Partners had initiated legal proceedings to obtain the postponement of the vote on the merger with Pherecydes at the Annual General Meeting on June 23, 2023. On June 14, 2023, the Lyon Commercial Court rejected Akkadian's request to postpone the vote on the merger with PHERECYDES Pharma.

On June 20, 2023, ERYTECH announces that Akkadian is continuing its attempt at destabilization by filing a new complaint. Despite the rejection by the President of the Lyon Commercial Court of Akkadian Partners' request to postpone the AGM vote on the proposed merger, Akkadian Partners is seeking the cancellation of the capital increase of May 15, 2023. This capital increase was carried out in accordance with the delegation of authority granted by the 2022 Extraordinary General Meeting of ERYTECH shareholders under resolution 29, and on the basis of the reports issued by Finexsi, acting as contribution auditor in accordance with Articles L. 225-174, R. 22 10-7 and R. 225-136 of the French Commercial Code, and AMF recommendation no. 2020-06.

On June 23, 2023, the merger with PHERECYDES was approved by ERYTECH Pharma shareholders at the Combined General Meeting. The change of ERYTECH's corporate name to PHAXIAM Therapeutics was also approved.

On June 28, 2023, PHAXIAM Therapeutics announced that the new mnemonic code for its shares on Euronext and Nasdaq had been changed from ERYTECH Pharma to PHAXIAM, with effect from June 29, 2023.

July 2023

PHAXIAM Therapeutics has announced the consolidation of its shares through the exchange of ten (10) existing shares with a par value of ten euro cents (€0.10) for one (1) new share with a par value of one

euro (€1). The reverse stock-split will have no impact on the Company's share capital, and will result in the division of the number of outstanding shares by ten (10). The share consolidation exchange period began on August 16, 2023 and ended on September 15, 2023. The New Shares resulting from the reverse stock split were admitted to trading on the Euronext regulated market in Paris, with effect from September 18, 2023, and were assigned a new ISIN code (FR001400K4B1).

In connection with the reverse stock split, The Bank of New York Mellon ("BNY Mellon"), depositary for PHAXIAM's American Depositary Receipt ("ADR") program, effected a reverse stock split under this ADR program, effective September 18, 2023. Holders of the Company's ADRs were required to surrender their old ADRs to BNY Mellon for cancellation and exchange in order to receive one (1) new American Depositary Share ("ADS") (CUSIP: 29604W207) for every ten (10) old ADSs (CUSIP: 29604W108).

September 2023

On September 19, 2023, PHAXIAM Therapeutics announced the extension of its phage portfolio to Klebsiella pneumoniae, a new resistant and aggressive bacterial target. PHAXIAM's anti-Klensiella pneumoniae phages will enter preclinical development to evaluate their efficacy in lung, blood and urinary tract infections, in addition to the three main targets already developed (S. aureus, P. aeruginosa and E. coli).

October 2023

On October 3, 2023, PHAXIAM and Vetophage announced a long-term strategic research collaboration to combine their expertise in the search for new phages and phage-derived proteins (endolysins) in the fight against microbial resistance.

On October 24, 2023, PHAXIAM announced that it had received approval from the Agence nationale de sécurité du médicament et des produits de santé (ANSM) and the Comité de Protection des Personnes (CPP) Sud-Est II-Lyon for the protocol of its phase 1 study in infective endocarditis caused by Staphylococcus aureus (S. aureus).

The study involves 12 patients requiring replacement of an infected heart valve. Recruited from 4 French hospitals (Henri Mondor in Créteil, Hôpital Bichat-Claude Bernard in Paris, CHU de Nantes and CHRU de Nancy), patients will be treated for 2 to 4 days with a combination of 2 anti-S. aureus phages, administered intravenously once or twice a day, until the day of surgery.

The primary objective of the study is to verify the safety of intravenous administration of PHAXIAM phages, to study their pharmacokinetics in the blood and to measure their concentration in the valve resected during surgery.

The first results of the study are expected in mid-2024.

Highlights of fiscal year 2022

Activity

February 2022: Impact of the Ukraine conflict on our business

From February 24, 2022, Russia stepped up its military operations in Ukraine considerably.

The war in Ukraine had no impact on our 2022 financial results. Our company does not conduct any clinical trials in Ukraine, Russia or Belarus, and has no suppliers located in these regions.

April 2022:

- Sale of Erytech's US cell therapy production site to Catalent

In April 2022, Groupe Erytech entered into an asset purchase agreement ("APA") with Catalent. Under the terms of the agreement, Catalent acquired ERYTECH's commercial-scale cell therapy production facility in Princeton, New Jersey, USA for a total consideration of €44.5 million (€40.7 million), paid at closing which took place on April 22, 2022. Catalent has also taken over the current ERYTECH site staff, around 40 people.

The sale of the Princeton site gave rise to a net gain on disposal, after transaction costs (€3.3 million, €3.0 million) and before tax of $26,639 K (€24,350 K) recorded in the statement of consolidated net income under other operating income.

- A new approach to vesiculation

The Company presented its new approach to red blood cell vesiculation at the 24th Congress of the European Red Cell Society (ERCS) in April 2022.

May 2022:

- The NOPHO study evaluated the safety and pharmacological profile of eryaspase in patients with Acute Lymphoblastic Leukemia (ALL) who had developed hypersensitivity to pegylated asparaginase. In December 2020, positive results from the study were presented at the American Society of Hematology 2020 Annual Meeting. Please refer to sections 2.2 - Group activity and 2.5 - Post-balance sheet events for further information.

- Following the Catalent transaction, the company continues to evaluate other strategic options for leveraging its ERYCAPS® platform with complementary assets and/or a broader corporate transaction.

- On May 25, 2022, the management of Erytech Pharma (France) informed employees of the launch of a collective redundancy plan, involving the loss of 52 out of 109 jobs. The CSE consultation phase ended on July 31, 2022. The departures took place in the fourth quarter of 2022.

July /August 2022:

- ERYTECH Pharma announces its decision, following responses from the Food and Drug Administration (FDA), to no longer seek approval of Graspa® for the treatment of patients with ALL hypersensitivity to pegylated asparaginase.

- After selling its U.S. production site in Princeton, New Jersey, for $44.5 million in April 2022, the Company has selected a specialist advisor to evaluate its strategic alternatives for leveraging its ERYCAPS® platform with complementary assets and/or a broader corporate transaction.

October 2022:

ERYTECH has received notification from Nasdaq dated October 7, 2022, that the closing price on Nasdaq of its American Depositary Shares ("ADSs") has been below $1.00 per ADS for a period of 30 consecutive trading days, and therefore no longer complies with Nasdaq Listing Rule 5450(a)(1).

This Letter of Notification has no immediate effect and ERYTECH confirms its intention to return to compliance during this period and is considering all its options to this effect.
During this period, the Company's ADSs continue to be listed on the Nasdaq Global Select Market and the Company's business is not impacted by the receipt of this Letter of Notification.

November 2022:

- Graspa program discontinued following FDA review of registration dossier for hypersensitive ALL

Also taking into account the previous failure of the Phase 3 study in pancreatic cancer, and initial non-conclusive results from the Phase 2 trial in triple-negative breast cancer (TNBC), both conducted with the same product-candidate, ERYTECH has decided to terminate the development of Graspa®, L-asparaginase encapsulated in donor red blood cells, which was ERYTECH's main product candidate until now, and to now focus on its core products. most promising preclinical programs.

- Promising preclinical development of ERYCEV™ , the new approach to red blood cell vesiculation

Extracellular vesicles derived from red blood cells are formed naturally during the senescence and storage of mature red blood cells (RBCs), and represent a highly effective delivery system of potentially beneficial drugs. The vesiculation of GR previously loaded with the ERYCAPS® process underscores the potential for vesicle production for the development of new therapeutic approaches. The results of the ERYCEV program to date testify to the versatility of the technology of ERYTECH's encapsulation in GR and its potential for other partnered applications.

- In-depth reorganization of the company: following the discontinuation of the company's main program, Graspa, a restructuring program was launched at the beginning of the year.

The workforce reduction plan ("PSE") in France was approved by the relevant authorities in September 2022, and its implementation is now complete. With the transfer of around 40 people to Catalent following the sale of the Princeton production site, the company's overall workforce will be reduced by around 75% compared with the start of the year. ERYTECH retains its preclinical development teams, as well as key competencies in all functional areas necessary to restart a development pipeline with a partner, and to maintain a structure capable of managing its dual listing on the stock exchange.

Highlights of fiscal year 2021

March 2021

- On March 2, 2021, Erytech called a 6th OCABSA tranche for net proceeds of €2.9 million.
- The Company also carried out a placement of 744,186 newly-issued shares in the United States under its equity crowdfunding program (ATM), for net proceeds of 6.4 million euros.

April 2021

- The company announces that it has entered into definitive commitments with several qualified investors specializing in the healthcare sector for the subscription of 1,034,483 shares with share warrants ("ABSAs") in the Company, each ABSA comprising four ordinary shares in the form of American Depositary Shares (ADSs) and three share warrants ("BSAs"), each BSA entitling the holder to subscribe to one ordinary share, under a registered offering. The issue of the 4,137,932 new shares underlying the ADSs resulted in an immediate capital increase of €24,868,971.30 (including a par value of €413,793.20 and a total issue premium of €24,455,178.10, corresponding to a par value of €0.10 and an issue premium of €5.91 per share issued), representing approximately 19.12% of the Company's share capital and voting rights prior to the offering.

May 2021

- On May 19, 2021, Erytech called a 7th tranche of OCABSA for net proceeds of €2.9 million.

July and August 2021

- The U.S. Food and Drug Administration (FDA) has granted the "eryaspase Fast Track" label for the treatment of patients with acute lymphoblastic leukemia who have experienced hypersensitivity reactions to "E. coli-derived pegylated asparaginase (PEG-ASNase)".
- Under the OCABSA contract signed in June 2020, the Company issued two tranches of 3.0 million euros each (60 OCABSA) on July 22, 2021 and August 24, 2021 respectively.

October 2021:

- The company has announced the Maximum Tolerated Dose (MTD) for the Phase 1 investigator-led trial of eryaspase in first-line pancreatic cancer.
- The company announced the results of the phase 3 TRYbeCA-1 trial evaluating eryaspase as a second-line treatment in patients with advanced pancreatic cancer.

December 2021

- The company announced that it had raised $7.85 million. through a Registered Offering. by subscribing for 769,608 shares with share warrants ("ABSAs") of the Company, each ABSA consisting of four ordinary shares in the form of American Depositary Shares (ADSs) and three share warrants ("BSAs"), each BSA entitling the holder to subscribe for one ordinary share. The issue of the 3,078,432 new ordinary shares underlying the ADSs resulted in an immediate capital increase of €6,957,256.32 (including a par value of €307,843.20 and a total issue premium of €6,649,413.12, corresponding to the par value of ten euro cents (€0.10) and an issue premium of

€2.16 per share issued), representing approximately 11.02% of the Company's share capital and voting rights prior to the offering.

2. ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING METHODS

2.1. Basis of preparation

The consolidated financial statements have been prepared on a going concern basis; the Group's loss-making position is explained by the innovative nature of the products it develops, involving a research and development phase lasting several years. Historically, the Group has financed its growth by strengthening its equity through capital increases and convertible bond issues.

At the date of the Board of Directors' meeting which approved the consolidated financial statements, and taking into account the additional cost-cutting measures and arrangements put in place to preserve cash, the Group believes that its current cash position will enable it to finance its current programs and planned operating expenses until the beginning of September 2024, taking into account in particular the following items:

- Cash and cash equivalents held by the Company amounted to 10.5 million euros at December 31, 2023, consisting mainly of cash on hand and term deposits that can be drawn down immediately without penalty,
- Cash consumption forecasts for the 12 months following the balance sheet date.

As a result, the company's current cash and cash equivalents should not be sufficient to cover its operating needs for at least the next 12 months.

The Group is pursuing discussions aimed at refinancing the company in the first half of 2024 in order to continue its project.

These events and conditions indicate that there is significant uncertainty about the Company's ability to continue as a going concern. Consequently, it may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Group is currently evaluating various sources of financing, including the issuance of equity instruments and/or new debt or partnership agreements to continue financing the Group's operations beyond its liquidity horizon.

The Group's ability to raise short-term financing will depend on financial and economic conditions and the willingness of investors or lenders to grant financing, and the Company may be unable to raise short-term financing on favorable terms or at all. In addition, the high volatility of financial markets has had, and may continue to have, a negative impact on the price of our ordinary shares, and could adversely affect our ability to raise additional funds. If the Group is unable to raise capital when needed or on favorable terms, it could be forced to delay, reduce or eliminate its research and development programs or any future commercialization efforts, or cease all operations, and its shareholders could lose all or part of their investment in the Company.

Unless otherwise indicated, all amounts are stated in thousands of euros.

2.2. Dec;aration of conformity

The consolidated financial statements have been prepared in accordance with the IFRS standards and interpretations adopted by the European Union (EU) and were approved and authorized for issue by the Board of Directors on March 20, 2024. They will be submitted for approval to the Annual General Meeting on June 28, 2024.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and were approved and authorized by the Company's Board of Directors on March 20, 2024. They will be submitted for approval to the Annual General Meeting on June 28, 2024.

As the Company's shares are listed on Euronext Paris, and in accordance with European Union regulation no. 1606/2002 of July 19, 2002, the Company's consolidated financial statements are prepared in accordance with the IFRS standards and interpretations issued by the International Accounting Standards Boards ("IASB"), as adopted by the European Union.

The term "IFRS" refers jointly to International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS"), and to the interpretations of the Standing Interpretations Committee ("SIC") and the IFRS Interpretations Committee ("IFRS IC"). The main accounting policies used to prepare the Financial Statements are set out below, for all the periods presented.

The new standards, amendments and interpretations applicable from January 1, 2023 do not result in any material changes to the Company's consolidated financial statements.

Recently published accounting pronouncements that may be relevant to the Company's business include the following:

- Amendements to IAS 1 - *Classification of liabilities as current or non-current, effective January 1, 2024;*
- Amendement to IFRS 16 - *Lease liabilities under a sale and leaseback agreement, effective January 1 2024* ;
- Amendement to IAS 7 and IFRS 7 - *Reverse Factoring - Trade Payables Financing Arrangements, effective January 1, 2025 ;*
- Amendements to IAS 21 - *Absence of convertibility, effective January 1, 2025.*

These new regulations had no material impact on the Company's results or financial position.

2.3. Consolidation principles

In accordance with IFRS 10 Consolidated Financial Statements ("IFRS 10"), an entity is consolidated when it is controlled by the Company. The Company controls an entity if it is exposed to or entitled to variable returns from its relationship with the entity, and if it has the ability to influence the amount of those returns through its power over the entity. All intercompany balances, transactions and dividends are eliminated in full. No non-controlling interest is recognized in the subsidiary held.

PHERECYDES, which PHAXIAM took control of on June 23, 2023, is not included in the scope of consolidation due to the merger.

	Creation date	Percentage interest	Consolidation method
Erytech Pharma, Inc.	April 2014	100%	Full consolidation

2.4. Foreign currencies

Functional currency and translation of financial statements into presentation currency

The consolidated financial statements are presented in euros, which is the functional currency of the parent company, PHAXIAM Pharma S.A. (the "Parent Company"). The statement of financial position of a consolidated entity for which the functional currency is not the euro is translated into euros at the closing exchange rate (the spot exchange rate at the date of the financial statements), and the statement of net income, statement of comprehensive income and statement of cash flows are translated at the average exchange rate for the period, unless exchange rates vary significantly. The resulting exchange differences are included in the statement of comprehensive income under translation adjustments.

Exchange rates (USD for 1 EUR)	31/12/2021	31/12/2022	31/12/2023
Average rate	1.1835	1.0539	1,0816
Closing rate	1.1326	1.0666	1.1050

Foreign currency translation

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing on the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at that date. The resulting unrealized gains and losses are recognized under "financial income and expense" in the statement of net income.

2.5. Use of estimates and judgements

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that have an impact on the financial statements. These estimates may be revised if the circumstances on which they were based change. Actual results may differ from the estimates initially made. The Company has not identified any environmental risks that could affect its current estimates and judgments. The main estimates made are described in the annual consolidated financial statements.

The use of estimates and judgments mainly concerns the valuation of :

- fair value of in-process research and development identified as part of the business combination (see notes 4.1 and 4.2);
- unpaid invoices for hospital costs (note 4.10) ;

- assessing the recoverable amount of rights of use and property, plant and equipment (see notes 4.1 and 4.2);
- share-based payments in accordance with IFRS 2 (note 3.3.3).

2.6. Presentation of the statement of net income and statement of financial position

The Company presents its statement of net income by function. Today, the Company's main activity is research and development. Consequently, only the "research and development expenses" and "general and administrative expenses" functions are considered as representative of the Company's activity. Details of expenses by nature are given in note 3.2.

2.7. Presentation of the cash flow statement

The consolidated cash flow statement is prepared using the indirect method, and presents cash flows from operating, investing and financing activities separately.

2.8. Segment reporting

In accordance with IFRS 8 Operating Segments ("IFRS 8") , information by operating segment is derived from the internal organization of the Company's activities; it reflects management's view and is established on the basis of internal reporting used by the operating decision-maker (the Chief Executive Officer) to allocate resources and assess performance.

Information by business sector

Since its merger with Pherecydes in June 2023, the Company has focused its R&D efforts on the treatment of bacterial infections with bacteriophages (or phages).

Information by geographical area

Revenue from external customers (in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
France	—	60	235
United States	128	134	—
Total	**128**	**194**	**235**

Non-current assets (in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
France	6,325	3,140	35,088
United States	19,520	37	
Total	**25,845**	**3,177**	**35,088**

2.9. Subsequent events

February 20, 2024

PHAXIAM announces its intention to voluntarily delist its American Depositary Shares from the Nasdaq Capital Market.

PHAXIAM remains listed on Euronext Paris, its main market.

Delisting from Nasdaq will significantly reduce PHAXIAM's cash burn and allow the Company to focus its financial resources on key development and value creation milestones.

March 11, 2024

PHAXIAM announces that the voluntary delisting from the Nasdaq Capital Market ("Nasdaq") of the American Depositary Shares ("ADS") representing its ordinary shares is now effective. Each ADS represents one ordinary share of the Company. The Company will file a Form F-15 with the Securities and Exchange Commission ("SEC") to suspend its reporting obligations under the Securities Exchange Act of 1934, as amended ("Exchange Act"), with respect to the ADSs and the underlying ordinary shares. The Company expects that deregistration of the ADSs under the Exchange Act will be effective 90 days after the filing of Form F-15.

3. NOTES TO THE CONSOLIDATED STATEMENT OF NET INCOME

3.1 Income from ordinary activities

Accounting methods

Research tax credit

The research tax credit ("CIR") is awarded to companies by the French tax authorities to encourage them to carry out technical and scientific research. Companies which can prove that they have incurred expenditure meeting the required criteria (research expenditure in France or, since January 1, 2005, in the European Union or in another State party to the Agreement on the European Economic Area which has signed a tax treaty with France containing an administrative assistance clause) are entitled to a tax credit which (a) can be used to pay the corporate income tax due for the financial year in which the expenditure was incurred and for the next three financial years or, (b) in certain cases, can be reimbursed in cash. Expenditure taken into account for the calculation of the research tax credit includes only research expenditure.

The Company has benefited from the research tax credit since its creation.

The CIR is presented as revenue from ordinary activities because it corresponds to the definition of a government grant as defined by IAS 20 Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20").

Grants

Non-repayable grants received by the Company are recognized as revenue when there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received.

Grants which are upfront payments are presented as deferred income and recognized as revenue over the duration of the research program to which they relate.

Government grants to be received as compensation for expenses or losses already incurred, or for immediate financial assistance to the Company with no associated future costs, are recognized as revenue when there is reasonable assurance that they will be received.

Revenus from licenses and other contracts

For each partnership agreement, the Company determines whether it is acting as principal or agent in accordance with IFRS 15 Revenue from Contracts with Customers ("IFRS 15").

Partnership with Orphan Europe (NOPHO clinical study)

Under this agreement, Orphan Europe has agreed to fund the NOPHO study for a total of 600 k€. Orphan Europe's final contribution will be 60 k€ in 2022.

As the Company has not reached the marketing stage, it does not generate sales from its pharmaceutical products. Reimbursements received for treatments under compassionate access authorization (AAC) from the French National Agency for the Safety of Medicines (ANSM) are presented with income from licenses and other contracts.

(in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
Research tax credit (3)	3,669	1,486	1,038
Grants and repayment of advances (1)	383	4,968	52
Revenues from licenses and other contracts	128	194	235
Net proceeds from disposals of fixed assets		24,351	
Other operating income	**4,180**	**30,998**	**1,326**

(1) Includes in 2022, the subsidy linked to the termination of the conditional loan from BPI in 2022 on the TEDAC research program for 4,895 k€ (see note 4.8.2).

The reduction in the research tax credit observed over the period is linked to the end of the TRYbeCA1 clinical trial.

Net proceeds from disposals of fixed assets relate in 2022 to the sale of the Princeton plant to Catalent, and break down as follows:

Proceeds from the sale of 40,676 k€ (44,500 k$) ;

The net book value of property, plant and equipment was €15,673k€ (17,146k$) ;

Net book value of intangible assets of 4k€ (4k$)

The net book value of rights of use for 3,022k€ (3,307k$) ;

Lease cancellation for 5,419k€ (5,928k$) ;

Transaction costs of e 3,046k€ (3,333k$);

3.2 Operating expenses by type

3.2.1. Research and devemopment costs

31/12/2021 (in K€)	*R&D*	*Clinical studies*	*Regulatory Affairs*	**Total**
Consumables	151	4,849		**5,000**
Information systems and maintenance	116	1,366		**1,482**
Services, subcontracting and fees	589	16,997	482	**18,068**
Personnel expenses	1,960	12,723	911	**15,594**
Net depreciation, amortization and provisions	353	4,529		**4,882**
Other	17	57		**74**
Grand total	**3,186**	**40,521**	**1,393**	**45,100**

31/12/2022 (in K€)	*R&D*	*Clinical studies*	*Regulatory Affairs*	**Total**
Consumables	170	1,014		**1,184**
Information systems and maintenance	45	949		**994**
Services, subcontracting and fees	390	471	821	**1,682**
Personnel expenses	1,883	8,803	773	**11,459**
Net depreciation, amortization and provisions	444	3,548		**3,992**
Other	82	514		**596**
Grand total	**3,014**	**15,299**	**1,594**	**19,907**

31/12/2023 (in K€)	*R&D*	*Clinical studies*	*Regulatory Affairs*	**Total**
Consumables	315	239	110	**664**
Information systems and maintenance	251	86	1	**338**
Services, subcontracting and fees	1,085	1,000	(6)	**2,079**
Personnel expenses	2,437	3,866	881	**7,184**
Net depreciation, amortization and provisions	791	(173)	3	**620**
Other	17	8	0	**26**
Grand total	**4,896**	**5,026**	**988**	**10,910**

The €9.0m reduction in research and development expenditure between 2023 and 2022 is due to :

- A 4.3 million euro reduction in personnel costs: including a 3.6 million euro reduction linked to the downsizing of the US workforce (sale of the Princeton plant in 2022) and a 0.6 million euro reduction mainly linked to the downsizing of the French workforce (PSE 2022);

- A €3.4 million drop in net depreciation, amortization and provisions, mainly due to non-recurring provisions booked in 2022 and reversed in 2023 for production equipment (€983k) and Adenine usage rights (€728k). In 2023, a provision for the cost of refurbishing the Romainville premises has been recognized for 297 k€.

- A 0.7 million euro reduction in information systems and maintenance expenses. This includes a 0.5 million euro reduction in maintenance expenses following the sale of the Princeton plant, and a 0.4 million euro reduction in rental expenses and rents following the return of the Adenine premises. At the same time, rental expenses and rental charges rose by 0.2 million euros in the second half of 2023 (Nantes and Romainville buildings used by Pherecydes).

- A 0.5 million euro drop in consumables expenditure, including a 0.8 million euro drop in production consumables (end of the rESPECT study in the United States) and a 0.4 million euro increase linked to phage production and lab consumables (Pherecydes projects);

- A €0.4 million drop in other expenses linked to the disposal of €0.5 million worth of Erycaps equipment in the United States (Princeton);

The significant drop of €25.2m in research and development expenditure between 2022 and 2021 is explained by :

- A 16.4 million euro reduction in expenditure on services and subcontracting:
TRYbeCA-1 study costs down by €14.5 million, with patient costs down by €5.3 million, CRO costs down by €5.9 million, Graspa production costs down by €1.5 million and other clinical providers down by €1.8 million, following the announcement of inconclusive results at the end of 2021.

- The cost of TRYbeCA-2 fell by 0.9 million euros (including 0.6 million euros for patient costs) and the cost of NOPHO fell by 0.3 million euros.

- A reduction in consumables of 3.8 million euros, as no additional purchases of Eryaspase were made in 2022.

- a 4.1 million euro reduction in personnel costs, with the transfer of employees from the Princeton plant to Catalent at the end of April 2022 and the restructuring plan in Lyon in the fourth half of 2022. The average number of full-time equivalent employees assigned to R&D was 166 in 2020, 152 in 2021 and 93 in 2022. Personnel expenses in 2022 include a restructuring charge for Lyon (France) of 1.3 million euros (see note 1 and 4.6).

a net decrease in amortization expense of (0.9) million in 2022, mainly due to :

- a €2.0 million reduction in depreciation on the Princeton manufacturing site sold to Catalent.

- (0.6) million decrease in impairment of intangible assets in 2022 (increase in Troy provision in 2021)

- an impairment charge of 1.7 million in 2022 for plant, fittings, equipment and rights of use for the Adenine production unit in France (see notes 4.1.3 and 4.2).

The (12.5)-million decrease in research and development expenses between 2021 and 2020 is due to :

- a decrease of (11.5) million in external services, mainly due to lower spending on clinical studies (clinical research organization supplier and patient site costs).

- 1.8 million reduction in consumables, mainly due to a reduction in the purchase of Asparagynase (a key component in the production of Graspa used in the clinical trial to treat patients).

3.2.2. General and administrative expenses

General and administrative expenses (in K€)	31/12/2021	31/12/2022	31/12/2023
Consumables	226	93	89
Information systems and maintenance	1,129	1,048	690
Services, subcontracting and fees	6,684	6,477	9,084
Personnel expenses	6,174	5,013	3,400
Net depreciation, amortization and provisions	494	627	110
Other	888	630	704
Total	**15,595**	**13,887**	**14,076**

The €0.2 million increase in general and administrative expenses between 2022 and 2023 is mainly due to:

• A net increase in services, subcontracting and fees of 2.6 million euros, mainly due to the non-recurring costs of the Pherecydes merger (3.4 million euros), partly offset by lower insurance costs (0.9 million euros).

• A 1.6 million euro reduction in personnel costs, due to the combined effects of employee resignations and a restructuring plan in Lyon (France). The average number of full-time equivalent employees assigned to the overheads department has been reduced from 26 in 2022 to 13 in 2023. Personnel costs in 2023 include a €0.4 million restructuring charge for Lyon (France) (see note 1 and 4.6).

The €2,607k increase in service costs is mainly due to consolidation costs.

The €1.7 million reduction in general and administrative expenses between 2021 and 2022 is mainly due to lower personnel costs. Overheads personnel costs will fall by €1.2 million in 2022, with the combined effects of employee resignations and a restructuring plan in Lyon (France). The average number of full-time equivalent employees assigned to the overheads department has been reduced from 42 in 2021 to 26 in 2022. Personnel costs in 2022 include a €0.4 million restructuring charge for Lyon (France) (see note 1 and 4.6).

3.3 Personnel expenses

3.3.1 Research and development costs

12/31/2021 (in K€)	*R&D*	*Clinical studies*	*Regulatory Affairs*	**Total**
Wages and salaries	*1,318*	*9,400*	*706*	**11,424**
Share-based compensation (employees and officers)	*110*	*570*	—	**680**
Social security charges	*532*	*2,752*	*205*	**3,489**
Personnel expenses	**1,960**	**12,722**	**911**	**15,593**

12/31/2022 (in K€)	*R&D*	*Clinical studies*	*Regulatory Affairs*	**Total**
Wages and salaries	*1,348*	*7,116*	*632*	**9,096**
Share-based compensation (employees and officers)	—	*(44)*	—	**(44)**
Social security charges	*535*	*1,730*	*141*	**2,406**
Personnel expenses	**1,883**	**8,802**	**773**	**11,458**

12/31/2023 (in K€)	*R&D*	*Clinical studies*	*Regulatory Affairs*	**Total**
Wages and salaries	*1,528*	*2,683*	*656*	**4,868**
Share-based compensation (employees and officers)	*75*	*31*	*50*	**156**
Social security charges	*834*	*1,151*	*175*	**2,160**
Personnel expenses	**2,437**	**3,866**	**881**	**7,184**

The average full-time workforce (FTE) was 152 in 2021, 93 in 2022 and 37 in 2023.

3.3.2 General and administrative expenses

(in K€)	31/12/2021	31/12/2022	31/12/2023
Wages and salaries	4,032	3,399	2,369
Share-based compensation (employees and officers)	561	442	309
Social security charges	1,581	1,172	723
Personnel expenses	**6,174**	**5,013**	**3,400**

The average full-time workforce (FTE) was 42 in 2021, 26 in 2022 and 13 in 2023.

3.3.3 Share-based payments (IFRS 2)

Accounting methods

The Company has applied IFRS 2 Share-based Payment ("IFRS 2") to all equity instruments, such as bonus shares ("AGAs"), stock options ("SOs"), share subscription warrants ("BSAs") and business creator share subscription warrants ("BSPCEs") granted since its inception to employees, members of the Board of Directors and other individuals. In accordance with IFRS 2, the cost of compensation granted in the form of equity instruments is recognized as an expense, with a corresponding increase in shareholders' equity over the period in which the rights to benefit from the equity instruments vest. Changes in value subsequent to the grant date have no impact on the measurement of its initial fair value.
Fair value is estimated using the Black & Scholes valuation model (for the valuation of BSAs, SOs and BSPCEs) and the Monte Carlo valuation model (for the valuation of AGAs). These models enable the Company to take into account the characteristics of the plan (exercise price, vesting period), market data at the grant date (volatility, expected dividends), any performance conditions attached to the instruments and assumptions about the beneficiary's expected behavior (attrition rate).
The Company has no legal or constructive obligation to repurchase or settle any of the instruments issued in cash.

Exchange of share-based payment rights (replacement awards) :

As part of the acquisition of Pherecydes Pharma S.A., the Company exchanged its share-based payment rights for rights held by Pherecydes Pharma employees and management (see note 4.1.2).

Business creator share subscription warrant plan ("BSPCE")

Instrument type	BSPCE2012	BSPCE2014
Maturity	May 20, 2020	January 22, 2024

In the event of a beneficiary's departure for any reason whatsoever, he or she will retain the BSPCE2014 to which he or she had subscribed prior to his or her departure. However, if a beneficiary leaves the Company before the BSPCE2014 to which he or she is entitled have been subscribed, for any reason whatsoever, the BSPCE2014 will be cancelled. In this case, the unsubscribed BSPCE2014 may be reallocated to other beneficiaries in the same category and/or replacing the person who has left the Company.

The table below shows the characteristics of the former Pherecydes plans that have been taken over by PHAXIAM.

The amounts shown in the tables below are presented after the reverse stock split.

Plan	BSPCE 2017-1	BSPCE 2019-1	BSPCE 2019-2	BSPCE 2019-4	BSPCE 2020-1	BSPCE 2020-2
Number of options	1,575	3,577	7,500	263	21,000	26,250
Exercise price	€14.45	€10.85	€9.20	€10.85	€5.43	€5.43
Underlying price	€8.20	€8.20	€8.20	€8.20	€8.20	8.2
Expected dividends	— %	— %	— %	— %	— %	— %
Volatility	95.60 %	87.14% - 92.92%	87.01% - 98.86%	84.03% - 89.19%	86.43% - 89.37%	90.85 %
Risk-free rate	3.43 %	3.0108% - 3.2655%	2.975% - 3.229%	2.8787% - 3.1274%	2.9634% - 3.1297%	3.14 %
Fair value of plan (in K€)	12.92	29.33	61.50	2.15	172.20	215.25

Plan	BSPCE 2020-3	BSPCE 2021-1	BSPCE 2021-2	BSPCE 2021-3	BSPCE 2021-4
Number of options	6,563	77,898	7,500	6,328	62,325
Exercise price	€5.43	€16.00	€16.00	€21.87	€18.91
Underlying price	€8.20	€8.20	€8.20	€8.20	8.2
Expected dividends	— %	— %	— %	— %	— %
Volatility	88.23 %	88.93 %	82.99% - 88.93%	79.89% - 88.22%	80.52% - 88.06%
Risk-free rate	3.04 %	3.09 %	2.8033% - 3.1269%	2.8517% - 3.0093%	2.8625% - 2.9676%
Fair value of plan (in K€)	53.81	638.76	61.50	51.89	511.07

Stock warrant plan ("BSA")

Instrument type	BSA2014	BSA2016	BSA2017
Vesting period	NA	Tranche 1: 1 year Tranche 2: 2 years	Tranche 1: 1 year Tranche 2: 2 years Tranche 3: 3 years
Maturity	January 2024	Depends on grant date October-2021 January-2021	Depends on grant date June-2022 Jan-2023

Instrument type	BSA2019	BSA2021	BSA2023
Vesting period	2 years	1 year	2 years
Maturity	Oct.-2022	Oct.-2024	Nov.- 2026

The main assumptions used to determine the fair value of the plans granted in 2021, 2022 and 2023 are set out below. A new plan was granted on November 14, 2023.

	Awarded in July 2021	Awarded in November 2023
Number of vouchers	7525	30,000
Plan	BSA2021	BSA 2023
Exercise price	38.20 €	4.31 €
Underlying price	35.50 €	4.54 €
Expected dividends	0.00 %	0.00 %
Volatility (1)	55.16 %	97.80 %
Expected term	2,5 ans	2,5 ans
Fair value of plan (in K€) (2)	82	80

(1) on the basis of historical volatility observed on the ERYP index on Euronext

(2) The subscription price of the warrants granted in July 2021 and November 2023 is equal to the fair value of the warrants at the grant date. Accordingly, no expense has been recognized in accordance with IFRS 2.

Stock option plan ("SO")

Instrument type	SO2016	SO2017	SO2018	SO2019
Vesting period (identical for all plans)		Tranche 1: 2 years Tranche 2: 3 years		
Maturity	Depends on grant date October-2026 January-2027 June-2027 October-2027	Depends on grant date June-2027 January-2028	Depends on grant date September-2028 January-2029 April-2029	Depends on grant date July-2029 October-2029 February-2030

Instrument type	SO2020	SO2021	SO2023
Vesting period (identical for all plans)		Tranche 1: 2 years Tranche 2: 3 years	
Maturity	Depends on grant date July-2030 November-2030 June-2031	Depends on grant date July-2031 December-2031	November 2033

The main assumptions used to determine the fair value of the plans granted in 2021, 2022 and 2023 are set out below. A new plan was granted on November 14, 2023.

	Awarded in February 2020	Awarded July 2020	Awarded in November 2020
Number of options	4195	37400	7500
Plan	SO2019	SO2020	SO2020
Exercise price	58.70 €	68.80 €	61.40 €
Underlying price	55.10 €	65.60 €	63.70 €
Expected dividends	— %	— %	— %
Volatility (1)	41.35 %	43.41 %	44.32 %
Expected term		T1 : 6 years T2 : 6.5 years	
Fair value of plan (in K€)	84	951	199

	Awarded in June 2021	Awarded in July 2021	Awarded in December 2021	Awarded in November 2023
Number of options	5700	37755	14900	22,000
Plan	SO2020	SO2021	SO2021	SO2023
Exercise price	47.80 €	37.10 €	21.40 €	4.30 €
Underlying price	43.70 €	35.50 €	21.00 €	4.54 €
Expected dividends	— %	— %	— %	— %
Volatility (1)	44.30 %	44.25 %	45.82 %	78.10 %
Expected term		T1 : 6 years T2 : 6.5 years		
Fair value of plan (in K€)	96	533	131	71

(1) on the basis of historical volatility observed on the ERYP index on Euronext

Free share plan ("AGA")

Instrument type	AGA2020	AGA2021	AGA2022	AGA2023	AGA2023 II
Vesting period	Tranche 1: 1 year Tranche 2: 2 years Tranche 3: 3 years Tranche 4 : 4 years Tranche 5 : 5 years		Tranche 2 : 1 year Tranche 3 : 2 years Tranche 4 : 3 years	Immediate acquisition	Tranche 1 : 12 months Tranche 2 : 18 months Tranche 3 : 24 months

The main assumptions used to determine the fair value of the plans granted in 2021, 2022 and 2023 are described below. In 2023, 2 new plans were granted in September and November.

	Awarded in February 2020	Awarded in July 2020	Awarded in June 2021	Awarded in July 2021
Number of shares	5003.7	25001.2	5083.1	23100
Plan	AGA 2019	AGA 2020	AGA 2020	AGA 2021
Underlying price	55.10 €	65.60 €	43.70 €	35.50 €
Expected dividends	0.00 %	0.00 %	0.00 %	0.00 %
Volatility (1)	38.55 %	42.23 %	44.79 %	44.72 %
Maturity	5 years	5 years	5 years	5 years
Performance criteria	(2)	(2)	(2)	(2)
ERYP	58.70 €	68.80 €	47.80 €	37.10 €
Performance multiple ("PM")	2.17	2.00	2.00	2.00
Fair value of plan (in K€)	133	877	121	465

	Awarded in December 2021	Awarded in 2022	Awarded in September 2023	Awarded in November 2023
Number of shares	9333.2	16460	27565	163200
Plan	AGA 2021	AGA 2022	AGA 2023	AGA 2023 II
Underlying price	21.00 €	8.20 €	4.90 €	4.54 €
Expected dividends	0.00 %	0.00 %	0.00 %	0.00 %
Volatility (1)	47.56 %	NA	NA	NA
Maturity	5 years	1 year - 3 years	NA	NA
Performance criteria	(2)	NA	NA	(3)
ERYP	21.40 €	8.20 €	4.90 €	4.54 €
Performance multiple ("PM")	1.50	NA	NA	NA
Fair value of plan (in K€)	133	135	135	740

(1) on the basis of historical volatility observed on the ERYP index on Euronext

(2) performance criterion: increase in the share price between the grant date and the vesting date.

- Target achievement rate ("T"): (ERYPi - ERYP) / (ERYP x (PM - 1)) with ERYPi:

- average share price for the 40 days preceding the grant date for grants up to April 2019
- maximum between the share price on the vesting date and the average closing price for the 20 days preceding the vesting date discounted by 5% for grants from October 2019 onwards

- If T <= 0%, no shares are acquired;
  - If T > 100%, all shares are acquired;
  - If 0% < T < 100%, shares vest in proportion to the percentage T

(3) performance criteria: internal performance conditions

- For tranche 1, 50% of the shares will be definitively allocated if the following objectives are met:
  - Positive results obtained in Phase 1 study in infective endocarditis caused by Staphylococcus aureus (40%)
  - Regulatory approvals obtained to launch Phase 2b trial in osteoarticular prosthesis infections (PJI) (60%)
- The targets for the other tranches will be determined at a later date.

Breakdown of expenses by year

Plan name	CR amount in K€ at 12/31/2021	of which employees	of which corporate officers and executive committee	of which directors
AGA	616	306	311	
BSA	1			1
SO	706	193	432	82
Total	**1,323**	**499**	**743**	**83**

Plan name	CR amount in K€ at 12/31/2022	of which employees	of which corporate officers and executive committee	of which directors
AGA	246	(51)	297	—
BSA	—	—	—	—
SO	201	(22)	174	49
Total	**447**	**(73)**	**471**	**49**

Plan name	CR amount in K€ at 12/31/2023	of which employees	of which corporate officers and executive committee	of which directors
AGA	346	52	294	—
BSA	—	—	—	—
BSPCE	428	168	138	122
SO	(80)	(38)	(42)	—
Total	**694**	**182**	**390**	**122**

In 2023, 4 new plans were issued. Due to the year's departures, the expense recognized in 2023 includes an update to take account of actual lapses, resulting in a net reversal for employees.

Summary of instruments outstanding after reverse stock split

Number of BSAs and BSPCEs outstanding at a parity of 1 warrant = 1 post-consolidation share	Number of BSA and BSPCA	Price weighted average exercise price
Outstanding at December 31, 2020	**19,810**	**122.50 €**
Exercisable at December 31, 2020	**19,810**	**122.50 €**
Allocated	—	— €
Deciduous		
Exercised		
Outstanding at December 31, 2021	**19,810**	**122.50 €**
Exercisable at December 31, 2021	**19,810**	**122.50 €**
Allocated		
Deciduous		
Exercised		
Outstanding at December 31, 2022	**19,810**	**122.50 €**
Exercisable at December 31, 2022	**19,810**	**122.50 €**
Allocated		
Deciduous		
Exercised		
Outstanding at December 31, 2023	**19,810**	**122.50 €**
Exercisable at December 31, 2023	**19,810**	**122.50 €**

Number of stock options and warrants outstanding at a parity of 1 warrant = 1 share	Number of stock options and warrants	Price weighted average exercise price
Outstanding at December 31, 2020	**129,134**	**89.10 €**
Exercisable at December 31, 2020	**23,653**	**212.80 €**
Allocated	65,880	34.60 €
Deciduous	(4,593)	57.40 €
Exercised	—	— €
Outstanding at December 31, 2021	**190,421**	**70.90 €**
Exercisable at December 31, 2021	**63,638**	**114.68 €**
Allocated		
Deciduous	(88,126)	78.30 €
Exercised		
Outstanding at December 31, 2022	**102,295**	**64.50 €**
Exercisable at December 31, 2022	**54,910**	**115.60 €**
Business combinations	220,765	15.06 €
Allocated	52,000	4.31 €
Deciduous	(16,121)	93.60 €
Exercised		
Outstanding at December 31, 2023	**358,939**	**23.64 €**
Exercisable at December 31, 2023	**303,489**	**26.71 €**

	Number of free shares outstanding
Outstanding at December 31, 2020	**76,051**
Allocated	37,516
Deciduous	(14,405)
Acquired	(2,254)
Outstanding at December 31, 2021	**96,908**
Allocated	
Deciduous	(38,536)
Acquired	
Outstanding at December 31, 2022	**58,372**
Business combinations	16,314
Allocated	190,765
Deciduous	(8,313)
Acquired	
Outstanding at December 31, 2023	**257,138**

At December 31, 2023, outstanding equity instruments could give rise to the issue of 635,886 shares.

3.4 Depreciation, amortization and provisions

(in K€)	31/12/2021	31/12/2022	31/12/2023
Amortization/impairment of intangible assets	571	7	1
Depreciation of property, plant and equipment	3,455	2,168	581
Provisions for property, plant and equipment	—	983	297
Amortization of right of use	1,351	733	1,026
Allocation/reversal of provision for right of use	—	728	(728)
Total depreciation, amortization and impairment	**5,377**	**4,619**	**1,177**

The reduction in amortization charges in 2022 is mainly due to the sale of the Princeton plant to Catalent for 1,896 k€ and the provision in 2021 of 560 k€ on the manufacturing process as an intangible asset. Provisions in 2022 mainly concern production equipment ((983) k€) and the right to use Adenine for 728 k€ (see notes 4.1.2 and 4.2). Provisions in 2023 mainly concern the cost of refurbishing the Romainville premises (297 k€) and the reversal of the right to use Adénine (728 k€).

3.5 Net financial income

Accounting methods

Net financial expense mainly includes :

- the amortized cost of convertible bonds and changes in the fair value of embedded derivatives;
- interest expense on financial debts and rental debts ;
- income from cash and cash equivalents ;
- foreign exchange gains and losses on financial and investment transactions.

(in K€)	31/12/2021	31/12/2022	31/12/2023
Income from term deposits	13	58	259
Change in fair value of derivative liabilities	1,175	0	0
Foreign exchange gains	3,935	3,935	174
Other financial income	299	460	41
Financial income	**5,422**	**4,453**	**474**
Amortized cost of convertible bond	(1,566)		
Financial expenses on rental debt	(305)	(138)	(55)
Interest on borrowings	(267)	(181)	(141)
Foreign exchange losses	(544)	(1,045)	(315)
Other financial expenses	(20)		0
Financial expenses	**(2,702)**	**(1,364)**	**(511)**
Net financial expense	**2,720**	**3,089**	**(37)**

Other income and (expenses) correspond mainly to :

- Currency effects of 3,570k€ in 2021, 2,891k€ in 2022 and (141)k€ in 2023 ;

- A net expense of 390 K€ in 2021, relating to the recognition of the OCABSA contract in accordance with IFRS 9 (no corresponding expense in subsequent years).
- In 2022, we have reversed 386 K€ of accrued interest on the repayable BPI advance (see note 4.8.2).

3.6 Income tax

Accounting methods

Taxes payable

As a company registered in France, the parent company is subject to the cotisation sur la valeur ajoutée des entreprises ("CVAE"). To fall within the scope of IAS 12 Income Taxes ("IAS 12"), a tax must be calculated on the basis of a net amount of income and expenses, and this net amount may differ from the accounting net income. The Company considered that the cotisation sur la valeur ajoutée des entreprises met the characteristics mentioned in this conclusion, insofar as the value added constitutes the intermediate level of income that systematically serves as the basis, under French tax rules, for determining the amount due in respect of the cotisation sur la valeur ajoutée des entreprises.

Deferred taxes

Except in certain cases, deferred taxes are calculated on temporary differences between the carrying amount of an asset or liability and its tax base. Changes in tax rates are recognized in the income statement in the year in which the change is enacted. Deferred tax assets arising from temporary differences or tax loss carryforwards are limited to deferred tax liabilities of the same maturity, unless it is probable that they will be offset against future taxable profits. Deferred taxes are calculated on the basis of the most recent tax rates adopted at the balance sheet date.

Deferred tax assets and liabilities are not discounted.

Tax rates and tax loss carryforwards

At December 31, 2023, accumulated tax losses carried forward amount to :

404.0m€ of French loss carried forward indefinitely; consisting of:

- 380.4m€ of Phaxiam loss carried forward
- 23.6m€ of loss carried forward from the merger with Pherecydes

With regard to these tax loss carryforwards, it should be noted that in two successive rescripts dated November 21, 2022 and December 14, 2023, the company requested the opinion of the tax authorities on the validity of the carryforward of tax losses accumulated firstly at the date of the restructuring of its business in 2022 and then at the date of the addition of the business by way of merger in 2023. To date, the tax authorities have responded unfavorably to the first rescript dated February 20, 2023. The company has requested a second opinion under the first rescript in view of the differing interpretation of the facts. The company is therefore awaiting a decision from the tax authorities on its two rescript requests.

In addition, and in connection with the merger with PHERECYDES, the company has applied to the tax authorities for approval to benefit from the carry-forward of PHERECYDES' accumulated tax losses (€23.6 million) to December 31, 2023. This application is currently under review.

France's standard corporate tax rate is 25% for 2023.

Reconciliation of effective tax rate

(in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
Net income	**(53,797)**	**(228)**	**(23,488)**
Current income tax (1)	(2)	(521)	208
Profit before tax	**(53,795)**	**293**	**(23,697)**
Tax rates	26.5 %	25.0 %	25.0 %
Theoretical tax income	**14,256**	**(73)**	**5,924**
Deficit for the year not capitalized	(15,766)	(585)	(6,448)
Rate differences	—	(58)	24
Research tax credit	972	371	413
Share-based payments	(351)	(112)	(173)
Other differences	887	(64)	468
Effective tax (expense)/income	**(2)**	**(521)**	**208**

Nature of deferred taxes

Deferred taxes on PHAXIAM's tax loss carryforwards have been calculated at a rate of 25%.

(1) Given the level of the Company's tax loss, no current tax expense has been recognized in 2021. In 2022, following the sale of the Princeton plant by their US subsidiary and the recognition of a net gain of 24,350 K€ (see note 3.1), an estimate of tax payable had been made in the amount of (0.5) million euro. Following the update of this calculation, tax income of €0.2 million was recognized, consuming all the tax loss carryforwards of Erytech Inc. For the year 2023, the amount of accumulated tax loss carryforwards includes €23.6 million from the merger with Pherecydes.

(in K€)	31/12/2021	31/12/2022	31/12/2023
Tax losses carried forward	91,775	94,466	95,090
Tax credit carryforwards	178	158	—
Temporary differences	953	410	340
Unrecognized deferred tax assets	(92,906)	(95,035)	(95,430)
Net deferred taxes	—	—	—

The Company has not recognized any deferred tax income or expense in 2021, 2022 or 2023.
The loss carryforward of 95 million euros at the end of 2023 includes 91 million euros of loss carryforwards from years prior to 2023. As indicated in the previous paragraph, there is uncertainty as to whether these losses can be offset against future earnings.

3.7 Basic and diluted earnings per share

Accounting methods

Basic earnings per share are calculated by dividing net income by the weighted average number of shares outstanding during the corresponding period.
Diluted earnings per share are calculated by dividing net income by the weighted average number of ordinary shares outstanding, plus all dilutive potential ordinary shares. Potentially dilutive ordinary shares notably include equity instruments allocated to employees, members of the Board of Directors and other individuals, as detailed in note 3.3.3, and convertible bonds and warrants issued under the financing agreement with Luxembourg-based European High Growth Opportunities Securitization Fund, as detailed in note 4.8.1.
Dilution is defined as a reduction in earnings per share or an increase in loss per share. When the exercise of stock options and warrants reduces loss per share, these are considered anti-dilutive and are excluded from the calculation of diluted loss per share. As a result, earnings per share and diluted earnings per share are equal, since all equity instruments are considered to be anti-dilutive.

	31/12/2021	31/12/2022	31/12/2023
Net income (in K€)	(53,797)	(228)	(23,488)
Weighted number of shares for the period following the reverse stock-split (1)	2,369,246	3,101,605	4,695,135
Basic earnings per share (€/share)	**(22.71)**	**(0.07)**	**(5.00)**
Diluted earnings per share (€/share)	**(22.71)**	**(0.07)**	**(5.00)**

	31/12/2021	31/12/2022	31/12/2023
Number of shares at January 1 (1)	**1,838,659**	**3,101,605**	**3,101,605**
Number of shares issued during the year (pro rata temporis)			
Capital increase	359,163		1,593,530
Conversion of OCAs	170,516		
Exercise of warrants			
Free shares vested	907		
Weighted average number of shares outstanding	**2,369,245**	**3,101,605**	**4,695,135**

(1) Following the consolidation of PHAXIAM shares by the exchange of ten exisiting shares for one new share on September 18, 2023, the basic/diluted loss per share has been recalculated.

(1) after deduction of treasury shares (250 shares are held in treasury by the Company and deducted from shareholders' equity). Presentation of the weighted number of shares after the September 2023 reverse stock-split

At December 31, 2021, 2022 and 2023, the potential shares that could be issued (see note 3.3.3 and note 4.9.1) have not been taken into account in the calculation of diluted earnings, as their effect would be anti-dilutive.

4. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 Fixed assets

4.1.1. Intangible assets

Accounting methods

Internally-generated intangible assets - Research and development costs

In accordance with IAS 38 Intangible Assets ("IAS 38"), research expenditure is expensed in the period in which it is incurred.

An internally generated intangible asset relating to a development project is recognized as an asset if, and only if, the following criteria are met:

- It is technically possible to complete the development project;
- Company's intention to complete the project and use it ;
- Ability to use the intangible asset ;
- Demonstration of the probability of future economic benefits attached to the asset ;
- Availability of technical, financial and other resources to complete the project; and
- Reliable assessment of development expenditure.

The initial valuation of the development asset is the sum of expenditure incurred from the date on which the development project meets the above criteria.

Given the risks and uncertainties associated with regulatory approvals and the research and development process, the Company considers that the six criteria set out in IAS 38 have not yet been met. In application of this principle, all development costs are expensed in the period in which they are incurred.

Other intangible assets

Other intangible assets are recorded at acquisition cost plus costs directly attributable to preparing the asset for its intended use.

Other intangible assets mainly comprise the value of in-progress R&D assets acquired as part of the business combination with Pherecydes.

Intangible assets with a finite useful life are amortized on a straight-line basis over their useful life.

Intangible fixed assets	Amortization period
Software	1 to 5 years

(in K€)	Other intangible assets	Intangible assets in progress	TOTAL
GROSS VALUE			
At December 31, 2020	**1,875**	**2**	**1,877**
Acquisitions	—	—	—
Disposals	(201)	—	(201)
Currency impact	1	—	1
Reclassification	(2)	—	(2)
At December 31, 2021	**1,673**	**2**	**1,675**
Acquisitions	—	—	—
Disposals	(7)	—	(7)
Currency impact	—	—	—
Reclassification	2	(2)	—
At December 31, 2022	**1,668**	**—**	**1,668**
Business combinations	21,389		21,389
Acquisitions			—
Disposals	(126)		(126)
Currency impact	0		—
Reclassification			—
At December 31, 2023	**22,931**	**—**	**22,931**
DEPRECIATION AND AMORTIZATION			
At December 31, 2020	**(1,288)**	**—**	**(1,288)**
Increase	(571)	—	(571)
Decrease	199	—	199
Currency impact	—	—	—
At December 31, 2021	**(1,660)**	**—**	**(1,660)**
Increase	(7)	—	(7)
Decrease	4	—	4
Currency impact	—	—	—
At December 31, 2022	**(1,663)**	**—**	**(1,663)**
Business combinations	—		—
Increase	(4)	—	(4)
Decrease	98	—	98
Currency impact	—	—	—
At December 31, 2023	**(1,569)**	**—**	**(1,569)**
NET VALUE			
At December 31, 2020	**587**	**2**	**589**
At December 31, 2021	**13**	**2**	**15**
At December 31, 2022	**5**	**—**	**5**
At December 31, 2023	**21,362**	**—**	**21,362**

The "Business combinations" line includes the provisional fair value of Pherecydes Pharma's in-progress research and development work for 21,361 K€ :

- IP osteoarticular infections on prostheses (PJI) for 17,909 K€;
- IP endocarditis (EnDoCom) for 3,452 K€.

4.1.2 Business combinations

Accounting policy

The Company accounts for business combinations using the purchase method when all the operations and assets acquired meet the definition of a business and control is transferred to the Company. The company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to influence those returns through the power it holds over the entity. The financial statements of acquired entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consideration transferred on acquisition is generally measured at fair value, together with the net identifiable assets acquired. All goodwill is subject to an annual impairment test. Transaction costs are expensed as incurred.

If share-based payment awards (replacement awards) are to be exchanged for awards held by employees of the acquiree (acquiree awards), all or part of the amount of the acquirer's replacement awards is included in the measurement of the consideration transferred in the business combination. This determination is based on the market-based valuation of the replacement awards relative to the fair value of the acquiree's awards, and on the extent to which the replacement awards relate to pre-combination service.

On June 23, 2023, ERYTECH acquired 100% of the shares and voting rights of Pherecydes Pharma S.A. in exchange for the Company's shares. The Company determined that it had obtained control of Pherecydes Pharma and was the accounting acquirer at that date. On the same date, Pherecydes Pharma S.A. was merged with the Company.

The takeover of Pherecydes Pharma S.A. enables the Company to become a world leader in phagotherapy and other medical needs related to antimicrobial resistance.

Pherecydes Pharma S.A.'s contribution to the Company's total expenses and net loss for the six months to December 31, 2023 is €3.6m. Had the acquisition taken place on January 1, 2023, management estimates that the annual consolidated loss would be €28.9m. This increase in consolidated loss is mainly due to operating expenses net of research tax credit income.

A. Consideration transferred (purchase price)

The following table summarizes the acquisition-date fair value of each major category of consideration transferred.

(In thousands of euros)	Note	
Equity instruments	i	24,642
Replacement of share-based payment rights	ii	459
Total consideration transferred (purchase price)		**25,101**

i. Equity instruments issued (figures before reverse stock split)

The fair value of ordinary shares issued has been calculated on the basis of the company's listed share price;

	Number of shares	Share price	Value (in thousands of euros)
Shares issued on May 15, 2023	310,175	9.53	2,956
Shares issued on June 23, 2023	2,657,589	8.16	21,686
Total	**2,967,764**		**24,642**

The consideration transferred to obtain control was paid in two installments, the first on May 15, 2023 at an Erytech share price of €9.53, and the second on June 23, 2023 at an Erytech share price of €8.16.

ii. Replacement of share-based payments

In accordance with the terms of the acquisition agreement, the Group exchanged the share-based payment rights held by employees of Pherecydes Pharma S.A. (the acquired business awards) for share-based payment rights in the Company (the replacement awards). See note 3.3.3 for further details on replacement awards. The portion of the acquirer's replacement awards included in the valuation of the consideration transferred amounts to 436 thousand euros.
The portion of the acquirer's replacement awards included as share-based payment expense amounts to 459 K€.

B. Acquitision-related costs:

The total transaction costs incurred amounted to €3,413,000 and are included in overheads (see note 3.3.2).

C. Fair value of identifiable assets acquired and liabilities assumed at the acquisition date

Fair value of identifiable assets and liabilities at transaction date (in K€)	Note	30/06/2023 IFRS
intangible assets	4.1.1	21,389
Property, plant and equipment	4.1.3	485
Rights of use	4.2	517
Other non-current assets		83
Other current assets		1,607
Cash and cash equivalents		30
Financial liabilities	4.8	(2,936)
Liabilities related to rental obligations	4.9	(474)
Other non-current liabilities		(470)
Other current liabilities		(4,775)
Net assets acquired		**15,456**

i. Fair value measurement

The valuation technique used to measure the fair value of R&D projects in progress is a discounted cash flow model. Fair value is estimated as the present value of the net cash flows expected to be generated by the intellectual property of two identified R&D projects.

The provisional fair value of Pherecydes Pharma's assets includes the valuation of in-progress research and development recognized under intangible assets in the amount of 21,361 K€ :

- IP osteoarticular infections on prostheses (PJI) for 17,909 K€;
- IP endocarditis (EnDoCom) for 3,452 K€.

The assumptions used to determine the fair value of assets are :

- Long-term growth rate: 1.1% ;
- PI discount rate at 16.4% ;
- 10-year business plan.

Certain assumptions used to measure the fair value of the PJI IP are particularly sensitive to change:

- A one-point increase in the discount rate would lead to a €1.7 million decrease in the value of the PJI R&D PI.
- A 5-point change in the market share assumption would lead to a €3.2 million change in the value of the PJI R&D PI.
- A 5% change in the estimated selling price would lead to a €1.6m change in the value of the PJI R&D IP.
- A 5-point change in the probability of success of the product's clinical development would lead to a €7.4 million change in the value of the PJI R&D IP.

Fair values measured on a provisional basis

The fair value of Pherecydes Pharma's intangible assets (IP R&D) has been provisionally estimated.

If new information obtained within one year of the acquisition date on the facts and circumstances that existed at the acquisition date identifies adjustments to the above-mentioned amounts or additional provisions that existed at the acquisition date, the accounting for the acquisition will be revised.

D. Provisional goodwill

Provisional goodwill arising on the acquisition was recognized as follows:

(In thousands of euros)	Note	
Consideration transferred (purchase price)	A	25,078
Fair value of net identifiable assets	C	-15,456
Provisional goodwill		**9,622**

4.1.3. Property, plant and equipment

Accounting methods

Property, plant and equipment are stated at cost, comprising purchase price and all direct costs incurred in bringing the asset to the working condition for the use intended by the Company's management.
Property, plant and equipment are depreciated on a straight-line basis over their useful life. Non-recoverable fixtures and fittings on leased premises are depreciated over the shorter of their useful life and the term of the lease.

The depreciation periods used are as follows :

Property, plant and equipment categories	Amortization period
Industrial equipment	1 to 5 years
Fixtures and fittings	3 to 10 years
Office furniture and equipment	3 to 5 years

Under IAS 36 Impairment of Assets ("IAS 36"), an impairment loss must be recognized when the net carrying amount of an asset, or of the cash-generating unit to which the asset belongs (if it is not possible to estimate an asset's individual recoverable amount), exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.
Property, plant and equipment and intangible assets with a finite useful life are tested for impairment whenever there is an indication that their carrying amount may be impaired.
An impairment loss is recognized for the excess of the asset's carrying amount over its recoverable amount.

	General fixtures and fittings	Plant, machinery and equipment	Office and computer equipment	Assets under construction	TOTAL
GROSS VALUE					
At December 31, 2020	**20,701**	**5,787**	**1,204**	**77**	**27,769**
Acquisitions	59	27	21	108	215
Disposals	(157)	(144)	(204)		(505)
Currency impact	1,487	234	31	3	1,755
Reclassification		12	65	(76)	1
At December 31, 2021	**22,091**	**5,916**	**1,117**	**112**	**29,236**
Acquisitions	—	82	—	—	82
Disposals	(19,862)	(3,092)	(383)	(54)	(23,390)
Currency impact	686	147	14	2	849
Reclassification	—	58	2	(60)	—
At December 31, 2022	**2,915**	**3,112**	**750**	**—**	**6,777**
Business combinations	346	110	29		485
Acquisitions				723	723
Disposals	(155)	(292)	(34)		(481)
Currency impact	(2)	(1)	—		(3)
Reclassification		53		(53)	—
At December 31, 2023	**3,104**	**2,982**	**745**	**670**	**7,501**
DEPRECIATION					
At December 31, 2020	**(4,127)**	**(2,092)**	**(688)**	**—**	**(6,907)**
Increase	(2,170)	(1,072)	(213)	—	(3,455)
Decrease	151	142	196	—	489
Currency impact	(308)	(80)	(14)	—	(402)
Reclassification				—	—
At December 31, 2021	**(6,455)**	**(3,101)**	**(719)**	**—**	**(10,276)**
Amortization	(1,466)	(604)	(99)	—	(2,169)
Depreciation	(65)	(795)	(123)	—	(983)
Decrease	5,437	1,601	222	—	7,261
Currency impact	(154)	(57)	(6)	—	(218)
Reclassification	—	—	—	—	—
At December 31, 2022	**(2,703)**	**(2,956)**	**(725)**	**—**	**(6,384)**
Business combinations	—	—	—		—
Amortization	(70)	(131)	(27)		(228)
Depreciation	(297)	—			(297)
Decrease	155	195	26		376
Reprise		33			33
Currency impact	2	1	—		3
Reclassification					—
At December 31, 2023	**(2,913)**	**(2,858)**	**(726)**	**—**	**(6,497)**
NET VALUE					

At December 31, 2020	**16,574**	**3,695**	**516**	**77**	**20,862**
At December 31, 2021	**15,635**	**2,815**	**398**	**112**	**18,960**
At December 31, 2022	**212**	**156**	**25**	**—**	**393**
At December 31, 2023	**191**	**125**	**19**	**669**	**1,004**

The decrease in gross value in 2022 is mainly due to the sale of the Princeton plant to Catalent in April 2022 (see note 3.1). The gross value of property, plant and equipment sold to Catalent is 22,346 k€ (24,447 k$), including general installations and miscellaneous fittings sold for 19,862 k€, technical installations, equipment and tooling sold for 2,070 k€, furniture and IT equipment for 361 k€ and assets under construction for 54k€.

The Company also scrapped manufacturing equipment with a gross value of €1,022,000.

The change in gross value in 2023 is linked to the merger with Pherecydes for 485 k€.
The change in fixed assets under construction relates to work on the Bioserra building for €670,000.

The decrease in accumulated depreciation in 2022 of (7,261 k€) is mainly related to the depreciation of property, plant and equipment sold to Catalent of 6,673 k€ (7,301 k$).The decrease in depreciation is also related to the sale of manufacturing equipment for 565 k€. The net book value of property, plant and equipment sold to Catalent is €15,673k ($17,146k).

The €983k write-down of technical installations and industrial equipment recorded in 2022 mainly concerns equipment at the Adénine experimental drug production unit (Lyon, France). The impairment loss was recognized in connection with the decision to restructure the Company's activities in France, and in particular the decision to initiate a mass redundancy procedure (see notes 1 and 4.7) following the shutdown of Eryaspase production at Adenine. These measures were made necessary by the failure of the TRYbeCA1 and TRYbeCA2 clinical trials, which led to the end of the development program for the experimental drug Eryaspase. The impairment loss was included in research and development expenses (see note 3.2.1) and in general and administrative expenses (see note 3.2.2).

In 2022, the Company estimated the recoverable amount of its assets on the basis of their fair value less costs to sell, after examining the specialized nature of the assets and market prices, where available, for similar assets. The fair value measurement was classified as a Level 3 fair value based on the inputs to the valuation technique used.

4.2 Right of use

Accounting methods

Under IFRS 16 Leases ("IFRS 16"), applicable from January 1, 2019, the right of use and the lease liability are recognized in the lessee's balance sheet as soon as the lease asset is available.

The right of use is valued at cost, including :

- The initial value of the lease liability (see note 4.10),
- Benefits received and payments made before or on the lease commencement date,

- Direct costs that would not have been incurred if the contract had not been concluded.

The right-of-use is then measured at cost less any accumulated amortization and impairment, with the amount subject to adjustment in the light of certain revaluations of the lease liability. The right-of-use is tested for impairment whenever there is an indication that it may be impaired.

(in K€)	Buildings	Plant, machinery and equipment	Transport equipment	Office and computer equipment	TOTAL
GROSS VALUE					
At December 31, 2020	**10,846**	**954**	**73**	**118**	**11,991**
1st application of IFRS16					—
Increase					416
Decrease	(1,763)				(1,763)
Currency impact					375
Reclassification		—	—	—	—
At December 31, 2021	**9,445**	**1,350**	**106**	**118**	**11,019**
Increase	75		13		88
Decrease	(4,045)	(396)			(4,441)
Currency impact	198				198
Reclassification					—
At December 31, 2022	**5,672**	**954**	**119**	**118**	**6,863**
Business combinations	236	281			517
Increase	172		17		189
Decrease	(96)				(96)
Leaving the contract	(923)	(1,092)	(9)		(2,024)
Currency impact					—
Reclassification					—
At December 31, 2023	**5,062**	**143**	**127**	**118**	**5,450**
DEPRECIATION					
At December 31, 2020	**(2,649)**	**(954)**	**(42)**	**(118)**	**(3,763)**
Increase	(1,252)	(76)	(23)	—	(1,351)
Decrease	1,070	—	—	—	1,070
Currency impact	(103)	(3)	—	—	(106)
Reclassification	—	—	—	—	—
At December 31, 2021	**(2,934)**	**(1,033)**	**(65)**	**(118)**	**(4,150)**
Increase	(706)		(27)		(733)
Depreciation	(728)	—	—	—	(728)
Decrease	1,339	79	—	—	1,418
Currency impact	(89)	—	—	—	(89)
Reclassification		—	—	—	—
At December 31, 2022	**(3,116)**	**(954)**	**(92)**	**(118)**	**(4,280)**
Business combinations					
Increase	(944)	(57)	(25)		(1,026)

Depreciation					—
Decrease					—
Leaving the contract	923	1,092	9		2,024
Reprise	728				728
Currency impact					—
Reclassification					—
At December 31, 2023	**(2,410)**	**81**	**(108)**	**(118)**	**(2,555)**
NET VALUE					
At December 31, 2021	**6,511**	**317**	**41**	**—**	**6,869**
At December 31, 2022	**2,556**	**—**	**28**	**—**	**2,584**
At December 31, 2023	**2,652**	**223**	**20**	**—**	**2,895**

The remaining net value of €2,895,000 relates mainly to the building (€2,652,000).

- The business combinations line corresponds to the recognition of rights of use for an amount of 517 k€, mainly for the Nantes and Romainville premises.

- The €728k increase in impairment of the right to use buildings in 2022 is the result of the impairment test carried out on the real estate lease in France following the unfavorable events of 2022 (mainly the outcome of the clinical study and the restructuring plan). The impairment was reversed in full in 2023 following the termination of part of the Adenine lease.

4.3 Other non-current assets

Accounting methods

Other financial assets comprise receivables initially recognized at fair value, and subsequently at amortized cost calculated using the effective interest rate ("EIR") method.

Financial assets maturing in more than one year are classified as "other non-current financial assets" in accordance with IAS 1.

(in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
Guarantees paid in connection with real estate leases	476	193	205
Suppliers - prepayments	342	—	—
Other	58	2	—
Total other non-current assets	**876**	**195**	**205**

Prepayments include payments made to service providers, and in particular to contract research organizations (CROs) involved in conducting clinical trials in solid tumor indications (TRYbeCA1 and TRYbeCA2 studies).

4.4 Trade receivables and other current assets

Accounting methods

Other current assets are initially recognized at fair value, then at amortized cost calculated using the effective interest rate ("EIR") method.

Accounts receivable

Trade receivables are initially recognized in accordance with IFRS 15, and subsequently at amortized cost calculated using the EIR method. The Company records provisions for expected credit losses which, for trade receivables and assets related to contracts with customers, are measured by taking into account all losses resulting from possible default events over the life of the assets. Provisions for expected losses are deducted from the gross amount of the assets.

(in K€)	31/12/2021	31/12/2022	31/12/2023
Accounts receivable	12	76	103
Total trade receivables	**12**	**76**	**103**
Research tax credit	3,549	1,484	3,134
Other receivables (including tax and social security receivables)	669	973	1,627
Net investment in a sublease	479	43	—
Guarantees paid in connection with real estate leases	7	121	17
Suppliers - prepayments and deposits	377	342	194
Prepaid expenses	1,256	805	671
Total other current assets	**6,337**	**3,769**	**5,643**

Research tax credit

The Company benefits from the provisions of articles 244 quater B and 49 septies F of the French General Tax Code relating to research tax credits.

At December 31, 2021, December 31, 2022 and December 31, 2023, the CIR claim included the research tax credit for the year.

The total provision at December 31, 2023 is €1,649,000, of which €611,000 is generated by Pherecydes' business prior to its inclusion in the scope of consolidation.

Tax, social security and other receivables

Tax, social security and other receivables corresponded mainly to VAT receivables (610 K€ at December 31, 2021, 899 K€ at December 31, 2022 and 1,567 K€ at December 31, 2023).

Prepaid expenses

At December 31, 2023, December 31, 2022 and December 31, 2021, prepaid expenses mainly comprise rental expenses (€27 k in 2023, €146 k in 2022 and €484 k in 2021) and insurance costs (€252 k in 2023, €414 k in 2022 and €397 k in 2021).

4.5 Cash and cash equivalents

Accounting methods

Cash and cash equivalents" includes bank accounts and liquid investments. These investments are easily convertible into a known amount of cash and are subject to a negligible risk of change in value.

Cash equivalents are classified if the following criteria are met:

- Held to meet short-term cash requirements rather than for investment purposes ;
- Existence of exit options :
    - Can be exercised at any time and at least every three months;
    - This exit option is systematically included in the initial contract;
    - Can be exercised without exit penalties and without any significant risk of changes in the value of the cash received in redemption.
- There is no value risk linked to the level of the minimum return earned (i.e. the return obtained in the event of early withdrawal), as over the entire term and at each point in time, this return will be identical to that obtained from a maximum three-month investment meeting the definition of a cash equivalent. This may be the case when the rate is variable or revisable.

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They are recognized in cash equivalents at their fair value on the asset side, with changes in value recognized in net financial income/expense.

(in K€)	31/12/2021	31/12/2022	31/12/2023
Current accounts	24,593	26,676	10,450
Term deposits	9,106	12,113	23
Total cash and cash equivalents	**33,699**	**38,789**	**10,474**
Bank overdrafts	—	—	—
Total net cash	**33,699**	**38,789**	**10,474**

At December 31, 2021, term deposits include a €9.0 million term deposit with a one-month maturity and €0.1 million in deposits that can be released immediately.

At December 31, 2022, term deposits include a €12.0 million term deposit with a one-month maturity and €0.1 million in deposits that can be released immediately.

At December 31, 2023, term deposits include a €0.0 million term deposit with a one-month maturity and €0.0 million in deposits that can be released immediately.

4.6 Shareholders' equity

Accounting methods

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are recognized net of tax in shareholders' equity as a deduction from the proceeds of the issue.

At December 31, 2023, after taking into account the effects of the reverse stock-split (see Note 1), the Parent Company's share capital comprised 6,075,105 shares (60,751,054 shares before the reverse stock-split), fully paid up and with a par value of 1.00 euro.

In 2023, the Company carried out the following capital increases (adjusted for the effects of the reverse stock-split):

- May 2023, issue of 3,101,745 common shares before reverse stock split

- June 2023, issue of 26,630,756 common shares before reverse stock split

	Number of shares
At December 31, 2020	**2,005,756**
Shares issued under the April Registered offering	413,793
Sales of At-The-Market (ATM) shares	74,419
Shares issued in connection with the Registered offering in December	307,843
Conversion of OCAs	297,789
Free shares vested	2,255
At December 31, 2021	**3,101,855**
At December 31, 2022	**3,101,855**
Capital increase May 2023	310,175
Capital increase June 2023	2,657,589
Bonus shares vested June 2023	5,486
Share consolidation September 2023	—
At December 31, 2023	**6,075,105**

PHAXIAM Therapeutics has announced the consolidation of its shares through the exchange of ten (10) existing shares with a par value of ten euro cents (€0.10) for one (1) new share with a par value of one euro (€1). The reverse stock-split will have no impact on the Company's share capital, and will result in the division of the number of outstanding shares by ten (10). The share consolidation exchange period began on August 16, 2023 and ended on September 15, 2023. The New Shares resulting from the reverse stock split were admitted to trading on the Euronext regulated market in Paris, with effect from September 18, 2023, and were assigned a new ISIN code (FR001400K4B1).

Capital management

Capital is managed in such a way as to enable the Company to pursue its activities while maximizing shareholder returns by optimizing the balance of debt and equity. The Company is not subject to any external capital restrictions.

4.7 Provisions

Accounting methods

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, the obligation can be reliably estimated, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The portion of a provision due in less than one year is recorded under current liabilities, and the balance under non-current liabilities. Provisions are discounted when the impact is material.

Contingent assets and liabilities are disclosed if the expected impact is material, unless the probability of occurrence is remote.

(in K€)	31/12/2021	31/12/2022	31/12/2023
Provision for retirement indemnities	524	318	374
Other provisions for charges		101	677
Provisions - Non-current portion	**524**	**419**	**1,051**
Restructuring provision		166	—
Other provisions for charges		148	96
Provisions - Current portion	**—**	**314**	**96**

Provisions for retirement indemnities

Accounting methods

The Company's French employees are entitled to retirement benefits under French law:

- a retirement indemnity paid by the Company on retirement (defined benefit plan) and;

- the payment of retirement pensions by Social Security organizations, which are financed by contributions from companies and employees (defined-contribution plans).

Pension commitments are not covered by plan assets.

US employees do not benefit from a defined-benefit plan.

For defined benefit plans, the cost of retirement benefits is measured using the projected unit credit method.

The consolidated financial statements have been prepared by applying the IFRS Interpretations Committee (IFRIC) ruling dated May 24, 2021 "Attribution of benefits to periods of service (IAS 19 Employee benefits)". The Parent Company applies the national collective bargaining agreement for the pharmaceutical industry, which sets a ceiling on retirement rights after 30 years' employment.

IFRIC considers that, insofar as, on the one hand, no rights vest in the event of early retirement and, on the other hand, rights are capped after a certain number of years' service, retirement benefits should be spread over the last 30 years prior to the retirement date entitling employees to these benefits. Retirement benefit obligations are measured at the present value of estimated future payments, discounted using the market rate for high-quality corporate bonds with maturities corresponding to the estimated duration of the benefit payments.

The difference between the amount of the provision at the beginning of a period and at the end of that period is recognized in income for the portion representing service costs and net interest costs, and in other comprehensive income for the portion representing actuarial gains and losses.

The Company's payments under defined contribution plans are expensed in the statement of net income in the period in which they become due.

In estimating pension obligations, the following assumptions were used for all employee categories:

	31/12/2021	31/12/2022	31/12/2023
Discount rate	0.79%	3.16 %	3.20 %
Wage increases	2%	2 %	2 %
Social security contribution rate			
non-executive	39%	39 %	39 %
- frames	51%	51 %	51 %
- executive management	49%	49 %	49 %
Staff turnover rate			
non-executives and executives	High	High	High
- executive management	Low	Low	Low
Retirement age	65 - 67 years	65 - 67 years	65 - 67 years
Mortality table	TGH05 TGF05	TGH05 TGF05	TGH05 TGF05

The change in the provision for retirement indemnities is as follows :

(in K€)	
At December 31, 2020	**652**
Cost of services rendered	(63)
Financial cost	3
Actuarial gains and losses	(68)
At December 31, 2021	**524**
Reducing service costs in line with the 2022 restructuring plan (PSE)	(63)
Cost of services rendered	82
Financial cost	9
Actuarial gains and losses	(235)
At December 31, 2022	**318**
Business combinations	50
Reduction in cost of services in connection with 2023 restructuring (PSE)	(19)
Cost of services rendered	63
Financial cost	11
Actuarial gains and losses	(49)
At December 31, 2023	**374**

At December 31, 2023, the impact of the refusal to relocate (PSE) for staff based in Nantes and Romainville is €(19)k.

Other provisions for charges

The Company has booked a non-current provision of €677,000, mainly to cover the risk of a dispute with a subcontractor.

The current provision corresponds to rental charges of €96,000 on the Romainville premises, which are committed until September 2024.

Since February 2023, the Company has been subject to a tax audit for the years 2020 and 2021, which is triggered every 3 years (previous audit in 2019). At the date of publication of the financial statements, the tax authorities had not issued any reassessments. No provision for this tax audit risk has been recorded in the 2023 financial statements.

4.8 Financial liabilities

Accounting methods

Unless otherwise indicated, financial liabilities are initially recognized at fair value less directly attributable transaction costs, and subsequently at amortized cost calculated using the EIR method.

Borrowings maturing in more than one year are classified as "non-current borrowings" in accordance with IAS 1.

Financial liabilities are derecognized when contractual obligations are extinguished, cancelled or expire. When a financial liability is derecognized, the difference between the carrying amount of the extinguished financial liability and the consideration paid (including non-monetary assets transferred or liabilities assumed), if any, is recognized in the income statement.

	Convertible bonds	Conditional advances	Bank loans	Other	Total
At December 31, 2020	**2,169**	**4,421**	**10,019**	**35**	**16,644**
Collection	11,423	734			12,157
Fair value of embedded derivatives	(758)				(758)
Amortized cost	1,566	126	58		1,750
Conversion	(14,400)				(14,400)
Refund					—
Currency impact				3	3
At December 31, 2021	**—**	**5,281**	**10,077**	**38**	**15,396**
Collection			(6)		(6)
Fair value of embedded derivatives					—
Amortized cost			3		3
Conversion					—
Reversal of repayable advance as a subsidy		(5,281)			(5,281)
Refund					—
Currency impact					—
At December 31, 2022	**—**	**—**	**10,074**	**38**	**10,112**
Business combinations		603	2,313		2,915
Collection					—
Fair value of embedded derivatives					—
Amortized cost			4		4
Conversion					—
Reversal of repayable advance as a subsidy					—
Refund		(23)	(2,770)	(39)	(2,832)
Currency impact				(1)	(1)
At December 31, 2023	**—**	**580**	**9,620**	**(2)**	**10,198**

Borrowings by maturity

12/31/2021 (in K€)	Less than one year	One to 3 years	One to 5 years	Over 5 years	Total
Convertible bonds					—
Conditional advances				5,281	5,281
Bank loans	164	5,014	4,424	475	10,077
Other		38			38
Total borrowings	**164**	**5,052**	**4,424**	**5,756**	**15,396**

12/31/2022 (in K€)	Less than one year	One to 3 years	One to 5 years	Over 5 years	Total
Convertible bonds					—
Conditional advances					—
Bank loans	2,565	4,972	2,535		10,072
Other		40			40
Total borrowings	**2,565**	**5,012**	**2,535**	**—**	**10,112**

12/31/2023 (in K€)	Less than one year	One to 3 years	One to 5 years	Over 5 years	Total
Convertible bonds					—
Conditional advances	117	315	148		580
Bank loans	3,052	6,296	270		9,618
Other					—
Total borrowings	**3,169**	**6,611**	**418**	**—**	**10,198**

4.8.1. Convertible bonds

Accounting methods

Under IFRS 9, a financial instrument with the following three cumulative characteristics is a derivative:

- Its value fluctuates according to the evolution of a variable,
- It requires no initial net investment,
- It will be settled at a future date.

Derivatives are initially recognized at fair value, with subsequent changes in fair value recognized in the income statement.

Under IAS 32, a derivative qualifies as an equity instrument only if it will necessarily be settled for the issuer by exchanging a fixed amount of cash for a fixed amount of the issuer's own equity instruments. Equity instruments are initially recognized at fair value and are not subsequently remeasured.

Convertible bonds are generally referred to as compound instruments, as they comprise both a financial debt and an equity component.

Since the conversion option is a derivative, if it does not meet the "fixed-for-fixed" condition, then the conversion option is a passive derivative. In this case, the convertible bonds qualify as a hybrid instrument under IFRS 9, comprising a financial liability for the host contract and an embedded derivative for the conversion option.

The initial bifurcation of the embedded derivative does not result in any gain or loss. Since the embedded derivative component is measured at fair value on the initial recognition date, the carrying amount of the host contract on the initial recognition date is equal to the difference between the carrying amount of the hybrid instrument and the fair value of the embedded derivative.

On June 24, 2020, the Company arranged financing with European High Growth Opportunities Securitization Fund in the form of convertible bonds with share warrants ("OCABSA").

The Company issued 1,200 free warrants, which could be exercised in tranches at the Company's request until June 25, 2022, it being specified that the European High Growth Opportunities Securitization Fund had the option of requesting the exercise of two tranches.

Each exercise of a warrant gave rise to the issue of 60 OCAs with 3,367 warrants (or 30 OCAs with 1,683 warrants in the event of the Company's capitalization falling below 50 million euros for 20 consecutive trading days).

The OCAs have the following characteristics:

- Nominal value: €50,000
- Subscription price: 98% of par value
- Maturity: 12 months
- No interest
- Conversion ratio: N = Vn / P where
  - N corresponds to the number of shares available for subscription
  - Vn corresponds to the nominal value of the OCA
  - P corresponds to the higher of (i) 95% of the volume-weighted average of the Company's share prices on Euronext Paris over the 3 trading days immediately preceding the conversion date, (ii) the par value of the share and (iii) the minimum issue price of one share as set in the 25th resolution of the Annual General Meeting of June 21, 2019 (or any successor resolution), i.e. 80% of the volume-weighted average (in the central order book and excluding off-market blocks) of the Company's share price on Euronext Paris over the last 3 trading days prior to the setting of the issue price, it being specified that the theoretical value of the warrants will be taken into account, and that the General Meeting has set the maximum number of shares that may be issued at 10 million.

The warrants have the following characteristics:

- Maturity: 5 years
- Each warrant entitles the holder to subscribe for one share.
- Exercise price: 120% of the lowest volume-weighted average daily share price observed over the fifteen trading days preceding the request to exercise the first tranche (i.e. €89.10).

At December 31, 2023, the Company had issued nine tranches of 3 million euros each, respectively on July 6, 2020, August 24, 2020, November 17, 2020, December 7, 2020, December 22, 2020, March 2, 2021, May 19, 2021, July 22, 2021 and August 24, 2021 (of which two tranches were issued at the request of the European High Growth Opportunities Securitization Fund), representing a total amount of 27 million euros. As a result, 540 OCAs were issued with 30,303 attached warrants, all of which were converted into ordinary shares of the Company at the end of 2021 (see note 4.6).

At December 31, 2023, 0 OCAs and 30,303 warrants were outstanding.

Derivative liabilities fall into category 3 as defined by IFRS 13.

If the bonds are converted before the estimated maturity date, any difference between the fair value of the shares issued and the cumulative amount of the financial liability and derivative liability at the conversion date is recognized in financial income or expense.

The fair value of the conversion option is estimated using a Monte Carlo valuation model with the following main assumptions:

	31/12/2021	31/12/2022	31/12/2023
Number of convertible bonds	0	0	0
Estimated conversion price	— €	— €	— €
Expected term			0
Fair value (in K€)	0	0	0

The fair value of the warrants is estimated using a Black & Scholes valuation model with the following main assumptions:

	31/12/2021	31/12/2022	31/12/2023
Number of vouchers	30,303	30,303	30,303
Underlying price	21.20 €	3.67 €	3.67 €
Expected dividends	— %	— %	— %
Volatility	47.33 %	73.04 %	73.04 %
Expected term	1 year	1 year	1 year
Fair value (in K€)	0	0	0

4.8.2. Conditional advances

Accounting methods

Funds received from Bpifrance in the form of repayable advances are recorded under financial liabilities, given that the Company has a contractual obligation to repay its conditional cash advances to BPI France on the basis of a repayment schedule if the conditions are met.

The receipt or repayment of conditional advances is reflected in financing transactions in the statement of cash flows.

The amount resulting from the benefit of the conditional advance not bearing interest at a market rate is considered as a subsidy. This benefit is determined by applying a discount rate equal to the interest rate the Company would have to pay for a bank loan of similar maturity.

The implicit interest rate resulting from the inclusion of all repayments and additional payments due in the event of commercial success is used to determine the annual amount recognized as a financial expense.

In the event of a change in the schedule of scheduled repayments of the conditional advance, the Company recalculates the net carrying amount of the debt as a result of discounting the new anticipated cash outflows at the initial effective interest rate. The resulting adjustment is recognized in the statement of net income in the period in which the change is recognized.

Since our creation, we have received non-refundable grants from Bpifrance amounting to 2.7 million euros for our preclinical research programs.

We also received €4.9 million in three conditional advances from Bpifrance linked to the TEDAC research program.

Repayment of the BPI advance linked to the TEDAC program is triggered by the achievement of a cumulative sales milestone of 10 million euros for Graspa in the treatment of solid tumors. Following the negative results of the Trybeca 1 clinical trial and the failure of the Trybeca 2 clinical trial in 2022, the Company no longer has the option of marketing and selling Graspa for the treatment of solid tumors. Consequently, in 2022, the extinction of the repayable advance debt has been recognized as grant income for 4,895 thousand euros (see note 3.1) and as financial income for 386 thousand euros (see note 3.5).

The 580 K€ increase in conditional advances linked to the business combination is due to the acquisition of Pherecydes and concerns the Phagogramme project for 118 K€, the E.Coli project for 169 K€ and the Phagoslin project for 345 K€.

Amounts resulting from the advantage of the conditional advance not bearing interest at a market rate are considered as a subsidy. The impact on Pherecydes contracts is 29 K€.

4.8.3. Bank loans

In November 2020, the Company obtained two State Guaranteed Loans (or PGEs) of 5 million euros each from Bpifrance and Société Générale in the context of the Covid-19 pandemic. The loans bear interest at fixed rates of 1.67% and 0.25% p.a. respectively. They have an initial term of one year, with an option to defer repayment for five years. The Company has exercised the deferral options, with repayment commencing in 2023. The two loans are recognized at amortized cost and classified under "Financial liabilities - current portion" for 2.5 million euros and under "Financial liabilities - non-current portion" for 5.1 million euros.

Business combinations during the year correspond mainly to the Pherecydes Pharma EMP for 2 million euros over a 5-year period, with an interest rate of 2.25%.

4.9 Rent payable

Accounting methods

Under IFRS 16 Leases ("IFRS 16"), applicable from January 1, 2019, the lease liability is recognized in the lessee's balance sheet as soon as the lease asset is available.

The lease liability is recognized for an amount equal to the present value of the lease payments over the term of the contract. It is then increased by interest expense and reduced by lease payments.

The rental debt can be revalued in the following situations:

- Modification relating to the revaluation of the exercise of a call or extension option or the non-exercise of a termination option (which then become reasonably certain);
- Rent adjustments based on contractual rates and indices.

The term corresponds to the firm commitment period plus any optional periods whose exercise is reasonably certain.

The Company has applied the exemptions provided for in IFRS 16 relating to :
- Contracts with a duration of 12 months or less at the transition date. These have generated an expense of 824 k€ in 2021, 654 k€ in 2022 and 447 k€ in 2023.
- Contracts for low-value assets. These have generated an expense of around 30 k€ in 2021, 20 k€ in 2022 and 37 k€ in 2023.

(in K€)	Rental debt
At December 31, 2020	**10,804**
Non-cash increase	399
Refund	(1,702)
Non-cash decrease	—
Currency impact	478
Capitalized interest	—
Reclassification	—
At December 31, 2021	**9,979**
Non-cash increase	88
Refund	(1,545)
Non-cash decrease (1)	(5,296)
Currency impact	229
Capitalized interest	—
Reclassification	—
At December 31, 2022	**3,455**
Business combinations	474
Non-cash increase	190
Refund	(1,052)
Non-cash decrease (1)	—
Currency impact	(1)
Capitalized interest	—
Reclassification	—
At December 31, 2023	**3,067**

(1) Decrease in rent payable on Princeton premises in connection with the sale of the Princeton plant in April 2022 (see note 1 and 3.1).

Lease liabilities by maturity

(in K€)	Less than one year	One to 3 years	One to 5 years	Over 5 years	Total
At December 31, 2021	**1,817**	**2,548**	**2,255**	**3,359**	**9,979**
At December 31, 2022	**775**	**1,048**	**920**	**712**	**3,455**
At December 31, 2023	**718**	**1,093**	**1,002**	**254**	**3,067**

4.10 Trade payables and other current liabilities

Accounting methods

Trade payables and other current liabilities are initially recognized at fair value, then at amortized cost calculated using the EIR method. Given the short payment terms, amortized cost is identical to their initial fair value.

Costs are recognized when incurred. Costs incurred in excess of invoices received are recorded under "Unpaid invoices".

Estimated hospital costs of December 31, 2021

In 2021, hospital costs related to clinical trials sponsored by the Company have been assessed on the basis of two allocation keys: (i) site opening for fixed costs, which are booked in full when the sites are activated, and (ii) patient randomization for variable patient costs (including chemotherapy costs), which are allocated over the estimated duration of the patient's treatment as provided for in the clinical protocol. These allocation keys are applied to the estimated expenses of the clinical trial. The excess of estimated costs incurred over invoices received is recorded under "Suppliers - invoices not received".

Estimated hospital costs to December 31, 2022 and December 31, 2023

Although the Company's Phase 3 clinical trial in second-line advanced pancreatic cancer (TRYbeCA-1) was completed in 2021 (see note 1), there is a significant time lag between the period when clinical services are rendered by hospitals (i.e. patient treatment, including chemotherapy) and the date on which the Company receives invoices from these hospitals. The Company has therefore continued to use estimates and judgment to assess the remaining hospital costs to be accrued for this clinical trial.

The provision for hospitalization costs relating to this trial is still measured as the excess of estimated costs incurred over invoices received. However, the Company has re-estimated the costs incurred using actual costs and the Company's clinical department's census of hospitals that have finalized their billing process. Actual costs were calculated on the basis of invoices received from hospitals or costs declared by hospitals in the Medidata database, used by the Company to track costs and pay hospital invoices. A revised average cost per patient in France and Spain was derived from this analysis, and then applied to the other sites for which there was no formal evidence of billing completion.

(in K€)	**31/12/2021**	**31/12/2022**	**31/12/2023**
Suppliers	2,485	1,562	3,679
Unpaid invoices	11,669	3,553	3,426
Total trade payables	**14,154**	**5,115**	**7,104**
Tax and social security liabilities	3,716	2,799	3,454
Payables on fixed assets	2	—	505
Deferred income	93	51	—
Other liabilities	59	59	218
Total other current liabilities	**3,870**	**2,909**	**4,177**

Unpaid invoices for hospital costs amounted to 9,289 k€ at December 31, 2021, 2,355 k€ at December 31, 2022 and 1,431 k€ at December 31, 2023, and are mainly linked to the end of the TRYbeCA-1 phase 3 clinical trial. The decrease in invoices not yet received for hospital costs between 2021 and 2022 breaks down into an amount invoiced in 2022 of 3,882 k€ and a change in estimate recorded as a reduction in research and development costs of (3,053) k€. The decrease in hospital costs in 2023 is linked to invoices received for 234 k€ and a change in estimate recorded as a reduction in research and development costs for (689) k€.

The increase in fixed asset liabilities in the last quarter of 2023 is linked to the expansion of the Lyon laboratories to accommodate researchers from the Nantes and Romainville sites.

4.11 Financial instruments recognized in the statement of financial position and effect on profit or loss

Accounting methods

The measurement and recognition of financial instruments are defined by IFRS 9 Financial Instruments ("IFRS 9").

Financial assets at amortized cost

These instruments are initially recognized at fair value in the consolidated financial statements, and subsequently at amortized cost calculated using the effective interest rate ("EIR") method.

Financial liabilities at amortized cost

Borrowings and other financial liabilities are initially recognized at fair value less directly attributable transaction costs, then at amortized cost calculated using the EIR method.

Financial assets and liabilities measured at fair value

In accordance with IFRS 13 Fair Value Measurement ("IFRS 13"), financial instruments are presented in three categories according to the hierarchical method used to determine their fair value:

- Level 1: fair value measured on the basis of quoted prices in an active market for identical assets and liabilities ;
- Level 2: fair value measured using valuation methods that incorporate observable inputs, such as prices for similar assets and liabilities or observable data from an active market;
- Level 3: fair value measured using valuation methods that rely wholly or partly on unobservable inputs, such as prices in a non-active market or valuations based on multiples of unlisted securities.

12/31/2021 (in K€)	Balance sheet value (1)	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value
Other non-current financial assets	876			876		876
Other current financial assets	384			384		384
Accounts receivable	12			12		12
Other current assets	4,218			4,218		4,218
Cash and cash equivalents (2)	33,699	33,699				33,699
Total financial assets	**38,313**	**33,699**	—	**4,614**	—	**38,313**
Long-term debt (3)	15,232				15,232	15,232
Rent payable - portion due in more than one year (4)	8,162				8,162	8,162
Borrowings - current portion (3)	164				164	164
Rent payable - current portion (4)	1,817				1,817	1,817
Trade accounts payable	14,154				14,154	14,154
Other current liabilities (6)	3,777				3,777	3,777
Total financial liabilities	**43,306**	—	—	—	**43,306**	**43,306**

12/31/2022 (in K€)	Balance sheet value (1)	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value
Other non-current financial assets	195			195		195
Other current financial assets	464			464		464
Accounts receivable	76			76		76
Other current assets	2,457			2,457		2,457
Cash and cash equivalents (2)	38,789	38,789				38,789
Total financial assets	**41,322**	**38,789**	—	**2,533**	—	**41,322**
Long-term debt (3)	7,547				7,547	7,547
one year (4)	2,680				2,680	2,680
Financial debt - current portion (3)	2,565				2,565	2,565
Rent payable - current portion (4)	775				775	775
Trade payables	5,115				5,115	5,115
Other current liabilities (6)	2,858				2,858	2,858
Total financial liabilities	**21,540**	—	—	—	**21,540**	**21,540**

12/31/2023 (in K€)	Balance sheet value (1)	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value
Other non-current financial assets	205			205		205
Other current financial assets	180			180		180
Accounts receivable	103			103		103
Other current assets	4,941			4,941		4,941
Cash and cash equivalents (2)	10,474	10,474				10,474
Total financial assets	**15,901**	**10,474**	**—**	**5,428**	**—**	**15,901**
Long-term debt (3)	7,030				7,030	7,030
one year (4)	2,348				2,348	2,348
Borrowings - current portion (3)	3,169				3,169	3,169
Rent payable - current portion (4)	718				718	718
Trade payables	7,104				7,104	7,104
Other current liabilities (6)	4,046				4,046	4,046
Total financial liabilities	**24,415**	**—**	**—**	**—**	**24,415**	**24,415**

(1) The carrying amount of these assets and liabilities is a reasonable approximation of their fair value.
(2) Cash and cash equivalents include bank accounts and term deposits, which are respectively valued using level 1 valuations.
(3) The fair value of financial liabilities is determined using a level 2 valuation.
(4) The fair value of lease liabilities is determined using a Level 2 valuation.
(5) The fair value of derivative liabilities is determined using a Level 3 valuation method.
(6) Excluding deferred income.

5. RELATED PARTIES

Related parties include the Chairman of the Board of Directors (Didier Hoch), the Vice-Chairman (Gil Beyen), the Managing Director (Thibaut Du Fayet), the two Executive Vice Presidents (Jérôme Bailly and Eric Soyer), members of the Board of Directors and members of the Executive Committee. The Managing Director and the Executive Vice Presidents are entitled to indemnities due or likely to become due as a result of termination or change of functions, equal to their remuneration over the last 12 months, as well as non-competition indemnities of up to 18 months' salary.

The remuneration of the Company's officers and members of the Executive Committee is presented below:

	31/12/2021			
(in K€)	**Compensation and benefits in kind**	**Retirement indemnity expenses**	**Share-based payments**	**Social expenses**
Corporate officers	1,148	22	522	389
Executive Committee	1,457	24	302	330
Directors	306	—	1	—
Total	**2,911**	**46**	**825**	**720**

	31/12/2022			
(in K€)	**Compensation and benefits in kind**	**Retirement indemnity expenses**	**Share-based payments**	**Social expenses**
Corporate officers	1,170	22	430	408
Executive Committee	1,139	15	199	354
Directors	306		—	—
Total	**2,615**	**38**	**629**	**762**

	31/12/2023			
(in K€)	**Compensation and benefits in kind**	**Retirement indemnity expense**	**Share-based payments**	**Social expenses**
Corporate officers	1,741	21	395	471
Executive Committee	834	15	(5)	373
Directors	316	—	122	—
Total	**2,891**	**37**	**511**	**845**

Total provisions for retirement indemnities at December 31, 2023 amount to 210 K€, including 147 K€ for corporate officers and 64 K€ for members of the Executive Committee.

The Company has no other related parties.

6. FINANCIAL RISK MANAGEMENT

The purpose of the financial instruments held by the Company is to finance its activities. It is not the Company's policy to invest in financial instruments for speculative purposes.

The main risks to which the Company is exposed are liquidity risk, currency risk, interest rate risk and credit risk.

Liquidity risk

The Company has been structurally loss-making since its inception. Net cash flows used by the Company's operating activities were €56.8 million, €31.8 million and €24.4 million respectively for the years ended December 31, 2021, 2022 and 2023.

At the date of the Board of Directors' meeting which approved the consolidated financial statements, and taking into account the additional cost-cutting measures put in place to preserve cash, the Company estimates that its current cash position will enable it to finance its current programs and planned operating expenses until the beginning of September 2024 (see note 2.1).

12/31/2021 (in K€)	Less than one year	1 to 5 years	Over 5 years old	Total
Convertible bonds	2,400	—	—	2,400
Conditional advances	—	—	4,421	4,421
Bank loans	98	7,929	2,071	10,098
Other financial liabilities	—	35	—	35
Rent payable	1,607	5,151	4,046	10,804
Trade payables and fixed asset payables	4,792	—	—	4,792
Total	**8,897**	**13,115**	**10,538**	**32,550**

12/31/2022 (in K€)	Less than one year	1 to 5 years	Over 5 years old	Total
Convertible bonds				—
Conditional advances			5,281	5,281
Borrowings	164	9,438	475	10,077
Other financial liabilities		38		38
Rent payable	1,817	4,803	3,359	9,979
Trade payables and fixed asset payables	2,487			2,487
Total	**4,468**	**14,279**	**9,115**	**27,862**

12/31/2023 (in K€)	Less than one year	1 to 5 years	Over 5 years old	Total
Convertible bonds				—
Conditional advances	117	463		580
Borrowings	3,052	6,567		9,619
Other financial liabilities		—		—
Rent payable	718	2,094	254	3,066
Trade payables and fixed asset payables	4,184			4,184
Total	**8,071**	**9,124**	**254**	**17,449**

Foreign exchange risk

The Company's functional currency is the euro. However, a significant proportion of its operating expenses, financial assets and liabilities are denominated in US dollars. A deterioration in the euro/US dollar exchange rate of 1.105 used to close the accounts at December 31, 2023, could have the following impact on financial assets and liabilities and net loss:

	At December 31, 2023		Sensitivity		
(in thousands)	**USD**	**EUR**	**+ 1 %**	**+ 5 %**	**+ 10 %**
Financial assets	**7,004**	**6,339**	***(63)***	***(302)***	***(576)***
of which cash and cash equivalents	*6,995*	*6,330*	*(63)*	*(301)*	*(575)*
Financial liabilities	**(350)**	**(317)**	***3***	***15***	***29***

Interest rate risk

The Company's exposure to interest-rate risk is very low. This exposure mainly concerns investments in money-market funds and term accounts. Changes in interest rates have a direct impact on the rate of return on these investments and on the cash flows generated.

Outstanding borrowings bear interest at a fixed rate, and the Company is therefore not subject to any interest rate risk in connection with these loans.

Credit risk

The credit risk associated with the Company's cash and cash equivalents is not material in view of the quality of the financial institutions with which the Company has contracted.

7. OFF-BALANCE SHEET COMMITMENTS

Lease contracts

Subletting contracts

In July 2019 and June 2021, the Company signed two sublease agreements in the United States for a share of its premises located in Cambridge. The commitment received is as follows:

12/31/2023 (in K€)	Income for the year	Sublease to be received			
		Total	Less than one year	Between 1 and 5 years	Over 5 years old
Subleasing in the United States	44	—	—	—	—
Total	**44**	**—**	**—**	**—**	**—**

The US sublease expires at the end of January 2023.

Sub-lease agreements are classified as finance leases: the right of use has been cancelled and the Company has recorded the net investment in the sub-lease agreement under other current assets (see note 4.4). . Sublease income is recognized in the income statement over the term of the sublease.

8. STATUTORY AUDITORS' FEES

12/31/2023 (in K€)	KPMG	RSM	Total
Statutory audit, certification, review of individual and consolidated financial statements	463	119	582
Services other than certification of financial statements	165	6	171
Total	**628**	**125**	**753**

5.3.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS STANDARDS FOR THE YEAR ENDED DECEMBER 31, 2023

KPMG SA
51 rue de Saint Cyr
69009 Lyon

RSM Paris
26 Rue Cambacérès
75008 Paris

Phaxiam Therapeutics S.A.

Statutory auditors' report on the consolidated financial statements

Year ending December 31, 2023
Phaxiam Therapeutics S.A.
60 Avenue Rockefeller 69008 Lyon
This report contains 6 pages

Rapport des commissaires aux comptes sur les comptes consolidés

Statutory auditors' report on the consolidated financial statements

Year ending December 31, 2023

To the Annual General Meeting of PHAXIAM THERAPEUTICS S.A.,

Opinion

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Phaxiam Therapeutics S.A. for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the section of this report entitled "Statutory Auditors' Responsibilities Relating to the Audit of the Consolidated Financial Statements".

Independence

We conducted our audit in accordance with the rules of independence set out in the French Commercial Code and in the Code of Ethics for Statutory Auditors, for the period from January 1, 2023 to the date of issue of our report, and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) no. 537/2014.

Significant going concern uncertainty

Without qualifying the opinion expressed above, we draw your attention to the significant uncertainty relating to events or circumstances that may call into question the going concern assumption described in note 2.1 to the consolidated financial statements.

Justificationof assessments - Key audit points

In accordance with the requirements of articles L.821-53 and R.821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we draw your attention to the matters

set out in the "Significant Uncertainties Relating to the Going Concern" section of our report on the risks of material misstatement that we considered, in our professional judgment, to be the most significant in our audit of the consolidated financial statements for the year ended December 31, 2009, and the responses we have given to these risks.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and of the formation of our opinion expressed above. We do not express an opinion on any individual component of these consolidated financial statements.

Determining the fair value of the intangible assets recognized in connection with the acquisition of Pherecydes Pharma S.A.

Notes 4.1.2 "Bisiness combinations"

Identified risk

As indicated in note 4.1.2 to the consolidated financial statements for the year ended December 31, 2023, on June 23, 2023 the Company acquired 100% of the shares and voting rights of Pherecydes Pharma S.A. through an exchange of shares. The Company determined that it was the accounting acquirer at that date and recognized intangible assets relating to in-progress research and development projects in the amount of €21,361k, measured at fair value.

Determining the fair value of in-progress research and development projects relies heavily on management judgment, particularly with regard to cash flow projections and the discount rate applied to them. Given the particularly material amount of these intangible assets in the consolidated financial statements, we therefore considered the determination of the fair value of in-progress research and development projects to be a key point in our audit.

Audit procedured implemented in response to this risk

With the assistance of our valuation specialists, we have assessed the compliance of the methodology applied by the Company with the applicable accounting standards and the methods of its implementation, and in particular :

- assessed the reasonableness of the cash flow projections and certain underlying assumptions, in particular by considering the consistency of these assumptions with external market data and the evidence obtained during our audit;
- verified the consistency of these cash flow projections with management's estimates as presented to the experts involved in the business combination;
- compared the discount rate used by management with our own estimate of this rate.

Specific checks

In accordance with professional standards applicable in France, we have also verified the information given in the Board of Directors' management report relating to the Group.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Other verifications and disclosures required by law and regulations

Presentation format for consolidated financial statements to be included in the annual financial report

In accordance with the professional standards applicable in France relating to the audit of the annual and consolidated financial statements presented in accordance with the Single European Electronic Reporting Format, we have also verified that the consolidated financial statements prepared under the responsibility of the Chief Executive Officer and intended for inclusion in the annual financial report referred to in I of Article L.451-1-2 of the French Monetary and Financial Code comply with the format defined by European Delegated Regulation no. 2019/815 of December 17, 2018. As these are consolidated financial statements, our procedures include verifying that the presentation of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements for inclusion in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of consolidated financial statements in accordance with the Single European Electronic Reporting Format, the content of certain tags in the notes may not be rendered identically to the consolidated financial statements attached to this report.

Appointment of Statutory Auditors

We were appointed statutory auditors of Phaxiam Therapeutics S.A. by the General Meeting of June 24, 2016 for KPMG S.A. and the General Meeting of June 21, 2019 for RSM Paris.

At December 31, 2023, KPMG was in the 8th year of its uninterrupted engagement, and RSM Paris was in the 5th year of its engagement, including 8 and 5 years respectively since the Company's shares were admitted to trading on a regulated market.

KPMG Audit Rhône-Alpes Auvergne, a member of the KPMG network, was the entity's statutory auditor from 2010 to 2015, and KPMG S.A. was the entity's statutory auditor from 2004 to 2010. RSM Rhône-Alpes, a member of the RSM network, was previously the entity's statutory auditor from 2014 to 2018.

Responsabilities of management and those charged with corporate governance in relation to the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union, and to implement such internal control procedures as it determines are necessary to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, it is the responsibility of management to assess the company's ability to continue as a going concern, to present in these statements, where appropriate, the necessary information relating to going concern, and to apply the going concern accounting policy, unless the company is to be wound up or cease trading.

It is the responsibility of the Audit Committee to monitor the financial reporting process and the effectiveness of internal control and risk management systems, as well as internal audit where appropriate, with regard to procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Statutory auditors' responsibility for the audit of the consolidated financial statements

Audit objective and approach

Our responsibility is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free from material misstatement. Reasonable assurance refers to a high level of assurance, without however guaranteeing that an audit performed in accordance with professional standards would systematically detect any material misstatement. Misstatements may be the result of fraud or error and are considered material when it is reasonable to expect that they could, individually or in aggregate, influence the economic decisions made by users of the financial statements.

As stipulated by Article L.821-55 of the French Commercial Code, our role as statutory auditors does not include guaranteeing the viability or quality of your company's management.

In the context of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. In addition :

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and implements audit procedures to address these risks, and obtains audit evidence that it believes to be sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from error, as fraud may involve collusion, falsification, deliberate omission, misrepresentation or circumvention of internal controls;
- it obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control ;
- it assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the related disclosures in the consolidated financial statements;
- it assesses the appropriateness of management's application of the going concern accounting policy and, based on the information gathered, whether or not there is any significant uncertainty linked to events or circumstances that could call into question the company's ability to continue as a going concern. This assessment is based on information gathered up to the date of his report, bearing in mind that subsequent events or circumstances could call into question the company's ability to continue as a going concern. If it concludes that there is a material uncertainty, it draws the attention of the readers of its report to the information provided in the consolidated financial statements concerning this uncertainty or, if this information is not provided or is not relevant, it issues a qualified opinion or a refusal to certify;
- It assesses the overall presentation of the consolidated financial statements, and whether they give a true and fair view of the underlying transactions and events;
- concerning the financial information of the persons or entities included in the scope of consolidation, it gathers information that it considers sufficient and appropriate to express an opinion on the consolidated financial statements. He is responsible for directing, supervising and performing the audit of the consolidated financial statements, and for expressing an opinion on these financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report setting out, in particular, the scope of our audit and the work program implemented, together with the conclusions arising from our work. We also report to the Audit

Committee on any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information.

The matters set out in the report to the Audit Committee include the risks of material misstatement that we considered to be the most important for the purposes of our audit of the consolidated financial statements for the year, and which therefore constitute the key points of the audit that it is our responsibility to describe in this report.

We also provide the Audit Committee with the declaration required under Article 6 of EU Regulation no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular in Articles L.821-27 to L.821-34 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. Where necessary, we discuss with the Audit Committee the risks weighing on our independence and the safeguards applied.

Statutory auditors,

Lyon, April 5, 2024 Paris, April 5, 2024

KPMG S.A.

Stéphane Devin
Associate

Jean-Charles Boucher
Associate

5.3.3. PRO FORMA FINANCIAL INFORMATION 2023

INTRODUCTION

The pro forma consolidated financial information presented below ("Pro Forma Financial Information") comprises the pro forma consolidated income statement for the period January 1, 2023 to December 31, 2023, together with the explanatory notes. This information has been prepared with a view to representing the effects of the merger-absorption ("the Transaction") on the income statement, as described below. The balance sheet effects have been fully recognized in the consolidated financial statements at December 31, 2023.

The pro forma consolidated income statement has been prepared on the assumption that the Transaction took place on January 1, 2023, with the main consequence that PHERECYDES' income and expenses for the intervening period (January 1, 2023 to June 30, 2023) are included in the pro forma consolidated income statement. Due to its retroactive nature, the Pro Forma Financial Information deals with a hypothetical situation that presents the anticipated effects of the Transaction, without representing or giving any indication of the results that would have been observed if the Transaction had actually occurred on January 1, 2023.

MAIN TERMS AND CONDITIONS OF THE OPERATION

The Transaction is structured as a merger by absorption of PHERECYDES into PHAXIAM Therapeutics ("PHAXIAM", formerly ERYTECH Pharma), whereby PHERECYDES shareholders will receive newly issued PHAXIAM common shares in consideration for the contribution of PHERECYDES' assets and liabilities. On completion of the merger, all PHERECYDES' assets and liabilities will be transferred to PHAXIAM, and PHERECYDES will be dissolved.

As this is an "upright" merger involving entities under separate control within the meaning of IFRS 3, the contribution value of the assets contributed by the absorbed company in the context of ERYTECH Pharma's acquisition of PHERECYDES is the actual value.

The various stages of the Operation are presented in chronological order below:

On February 15, 2023, ERYTECH Pharma and PHERECYDES signed a memorandum of understanding formalizing their planned strategic combination through a merger-takeover transaction.

On February 17, 2023, PHERECYDES carried out a capital increase for a total of €1.5 million, fully subscribed by the Company's historical shareholders, to finance PHERECYDES' cash requirements until completion of the Transaction.

On May 5, 2023, ERYTECH Pharma and the shareholders of PHERECYDES signed a contribution agreement governing the contribution in kind of 827,132 Pherecydes shares to the Absorbing Company in consideration for newly-issued Erytech shares. To remunerate this contribution, PHAXIAM increased its share capital by issuing 3,101,745 new shares.

On May 15, 2023, ERYTECH Pharma and PHERECYDES signed a draft merger agreement, under which PHERECYDES would be merged into ERYTECH and all teams would be relocated to ERYTECH's premises in Lyon, France.
On June 23, 2023, the shareholders of the two companies approved the transaction at their general meetings. PHAXIAM carried out a capital increase for a total of €25.3 million, in consideration for the contribution of 7,086,905 PHERECYDES shares held by the shareholders of the absorbed company, and PHERECYDES was then absorbed. The change of ERYTECH Pharma's corporate name to PHAXIAM Therapeutics was also approved.

BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION

Pro Forma Financial Information is defined as the unaudited pro forma consolidated financial information of the PHAXIAM group after taking into account the effects of the Transaction as if it had taken place on January 1, 2023.

The Pro forma Financial Information has been prepared in accordance with the accounting principles used to prepare PHAXIAM's audited consolidated financial statements for the year ended December 31, 2023, in compliance with the International Financial Reporting Standards ("IFRS") adopted by the European Union.
The Pro forma Financial Information is prepared in accordance with the provisions of Delegated Regulation (EU) 2019/980, the ESMA guidelines on prospectuses of March 2021 and the AMF recommendations on pro forma financial information included in the guide to preparing universal registration documents published in January 2021.

The Pro Forma Financial Information is intended to present the anticipated effects of the Transaction on the PHAXIAM Group's consolidated financial statements for the year ending December 31, 2023.
It consists of a pro forma consolidated statement of net income and explanatory notes.

The PHAXIAM Group's Pro Forma Financial Information has been prepared on the basis of the assumptions summarized below:

- PHAXIAM's consolidated net income statement from the consolidated financial statements for the year ended December 31, 2023, which include the contribution of PHERECYDES from July 1, 2023, and which have been prepared in accordance with IFRS standards and interpretations adopted by the European Union (EU) and audited by the statutory auditors KPMG and RSM. The audit report is unqualified; and
- accounting data from the general ledger for the first half of 2023 integrated into PHAXIAM's parent company financial statements at December 31, 2023, due to the retroactivity of the merger in the parent company financial statements. PHAXIAM's parent company financial statements for the year ended December 31, 2023, prepared under French GAAP, have been audited by the statutory auditors KPMG and RSM. The audit report contains no reservations.

The pro forma adjustments taken into account to establish the Pro Forma Financial Information are limited to those directly attributable to the Transaction and which can be supported by facts and are based on assumptions deemed reasonable by PHAXIAM at the date of this document and in the context of the Transaction.

The Pro Forma Financial Information does not include any consequences of potential synergies, and does not provide any indication of the future results and position of the business, or of any reorganization and integration costs that may be incurred as a result of the Transaction.

No reciprocal transactions have been identified in the financial data of PHAXIAM and PHERECYDES.
The pro forma adjustments presented below are based on the information used to prepare PHAXIAM's consolidated financial statements at December 31, 2023.

Pro Forma Financial Information is presented in thousands of euros.

Pro forma consolidated statement of net income

	Phaxiam consolidated income statement 31/12/2023 (12 months)	Pherecydes financial data 1er jan. 30 juin (6 months)	Standardization of accounting principles	Pro forma adjustment	Pro forma consolidated income statement 31/12/2023 (12 months)
Sales figures	—	—	—	—	—
Other operating income	1,326	1,310	—	—	2,636
Income from ordinary	*1,326*	*1,310*	—		*2,636*
Research and development costs	(10,910)	(2,733)	277		(13,365)
General and administrative	(14,076)	(4,234)		1,310	(17,000)
Operating expenses	*(24,986)*	*(6,966)*	*277*	*1,310*	*(30,366)*
Current operating income	*(23,660)*	*(5,656)*	*277*	*1,310*	*(27,730)*
Financial income	474	21	—	—	495
Financial expenses	(511)	(26)	—	—	(537)
Net financial income	*(37)*	*(5)*	—	—	*(42)*
Income tax	208	—	—	—	208
Net income	**(23,488)**	**(5,662)**	**277**	**1,310**	**(27,564)**

Notes to the Pro Forma Financial Information

Note 1: PHAXIAM consolidated financial information

The "PHAXIAM consolidated income statement" column shows PHAXIAM's income statement for 2023, as derived from PHAXIAM's annual consolidated financial statements at December 31, 2023, prepared in accordance with IFRS as adopted by the European Union.
.
PHERECYDES was consolidated at June 30, 2023, the date of completion of the Transaction.

The PHAXIAM Group's consolidated income statement includes a contribution from PHERECYDES of (3,583) thousand euros for the second half of 2023.

Note 2: PHERECYDES financial data

The PHERECYDES financial data column presents PHERECYDES' accounting data taken from PHAXIAM's general ledger for the period from January 1 to June 30, 2023, prepared under French GAAP. The main IFRS restatements deemed immaterial have not been reflected in the Pro Forma Financial Information.

Note 3: Accounting policy harmonization adjustments

Development costs incurred by PHERECYDES up to December 31, 2022, relating to ongoing programs that have not yet obtained marketing authorization from the health authorities, were capitalized in PHERECYDES' French GAAP financial statements for the year ended December 31, 2022.
In PHERECYDES' financial data for the first half of 2023, amortization relating to these capitalized development costs amounting to €277,000 has been recognized. This effect has been cancelled for the purposes of Pro Forma Financial Information.

On the other hand, development costs incurred in the first half of 2023 have been expensed in PHERECYDES' financial data. No restatement has therefore been made for these expenses.

Note 4: Pro forma adjustments

General and administrative expenses in PHERECYDES' financial data for the first half of 2023 include costs relating to the Transaction totalling €1,310,000. These costs have been neutralized for the purposes of the Pro Forma Financial Information, as they form part of the net assets contributed by PHERECYDES. These costs will therefore not be reflected in PHAXIAM's consolidated income statement at December 31, 2023.
All costs incurred by PHAXIAM in connection with the Transaction, amounting to €3,416,000, have been recognized in the consolidated income statement at December 31, 2023.

Note 5: Tax impact

PHAXIAM is in a structurally loss-making tax position, with no prospect of taxable profits in the coming years. Consequently, no eligible or deferred tax effect has been recognized on the Pro forma adjustments presented above.

5.3.4. STATUTORY AUDITORS' REPORT ON THE 2023 PROFORMA FINANCIAL INFORMATION

KPMG SA
51 rue de Saint Cyr
69009 Lyon

RSM Paris
26 Rue Cambacérès
75008 Paris

PHAXIAM THERAPEUTICS S.A.

Statutory Auditors' Report on the Pro Forma Financial Information for the year ended December 31, 2023

Year ending December 31, 2023
PHAXIAM THERAPEUTICS S.A.
60 Avenue Rockefeller

PHAXIAM THERAPEUTICS S.A.
60 Avenue Rockefeller – 69008 Lyon

Statutory Auditors' Report on the Pro Forma Financial Information for the year ended December 31, 2023

Year ending December 31, 2023

To the Managing Director of PHAXIAM THERAPEUTICS,
In our capacity as statutory auditors and in accordance with Regulation (EU) 2017/1129 as supplemented by Delegated Regulation (EU) 2019/980, we hereby report on the pro forma financial information of PHAXIAM THERAPEUTICS (the "Company") for the year ended December 31, 2023 included in section 5.3.3 Pro Forma Financial Information 2023 of the universal registration document (the "Pro Forma Financial Information").
This Pro Forma Financial Information has been prepared for the sole purpose of illustrating the effect that the merger of PHERECYDES into PHAXIAM THERAPEUTICS (formerly ERYTECH PHARMA) ("the Transaction") would have had on PHAXIAM THERAPEUTICS' consolidated income statement for the year ended December 31, 2023, had the Transaction taken effect on January 1, 2023. By their very nature, they describe a hypothetical situation and are not necessarily representative of the financial situation or performance that might have been observed if the transaction or event had occurred at a date prior to that of its actual or envisaged occurrence.
This Pro Forma Financial Information has been prepared under your responsibility in accordance with the provisions of Regulation (EU) 2017/1129 and ESMA guidance on pro forma financial information.
It is our responsibility, on the basis of our work, to express a conclusion, in the terms required by Annex 20, section 3, of the Delegated Regulation (EU) 2019/980, on the correctness of the preparation of the Pro Forma Information on the basis indicated.
We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures, which do not include an audit or a limited review of the financial information underlying the preparation of the Pro Forma Financial Information, consisted mainly in verifying that the bases on which this Pro Forma Financial Information has been prepared are consistent with the source documents as described in the explanatory notes to the Pro Forma Financial Information, examining the evidence supporting the pro forma restatements, and obtaining from the Company's management all the information and explanations we considered necessary.
In our opinion :

– the Pro Forma Financial Information has been prepared correctly on the basis indicated;
– This basis is consistent with the accounting policies applied by the Company.

This report is issued for the sole purpose of :

– the filing of the universal registration document with the AMF,
– the admission to trading on a regulated market, and/or a public offering, of the Company's securities in France and in other European Union countries in which the prospectus approved by the AMF has been notified,

and cannot be used in any other context.

Statutory auditors,

Lyon, April 5, 2024	Paris, April 5, 2024
Stéphane Devin *Associate*	Jean-Charles Boucher *Associate*

5.3.5. PARENT COMPANY FINANCIAL STATEMENTS (FRENCH GAAP) FOR THE YEAR ENDED DECEMBER 2023

BALANCE SHEET ASSETS (in euros)	31/12/2023			31/12/2022
	Gross	Depreciation	Net (N)	Net (N-1)
UNCALLED SUBSCRIBED CAPITAL				
INTANGIBLE ASSETS				
Set-up costs	—	—	—	—
Development costs	17,070,000	—	17,070,000	—
Concessions, patents and similar rights	1,666,529	1,665,180	1,349	5,304
Fonds commercial	1,017,000	—	1,017,000	—
Other intangible assets	—	—	—	—
Advances and deposits on intangible assets	—	—	—	—
TOTAL INTANGIBLE ASSETS	**19,753,529**	**1,665,180**	**18,088,349**	**5,304**
PROPERTY, PLANT AND EQUIPMENT				
Land	—	—	—	—
Buildings	—	—	—	—
Plant, machinery and equipment	3,545,122	3,420,613	124,508	126,631
Other property, plant and equipment	4,314,727	4,104,672	210,055	228,852
Assets under construction	669,328	—	669,328	—
Advances and deposits	—	—	—	—
TOTAL PROPERTY, PLANT AND EQUIPMENT	**8,529,177**	**7,525,285**	**1,003,892**	**355,483**
FINANCIAL ASSETS				
Investments accounted for by the equity method	—	—	—	—
Other investments	18,351,992	17,282,319	1,069,673	8,928,658
Receivables from investments	—	—	—	—
Other long-term investments	—	—	—	—
Loans	—	—	—	—
Other long-term investments	454,741	69,301	385,440	538,574
TOTAL FINANCIAL FIXED ASSETS	**18,806,733**	**17,351,620**	**1,455,114**	**9,467,233**
FIXED ASSETS	**47,089,439**	**26,542,085**	**20,547,354**	**9,828,019**
INVENTORIES AND WORK-IN-PROGRESS				
Raw materials and supplies	—	—	—	—
Inventories of goods in progress	—	—	—	—
Work-in-progress inventories production of services	—	—	—	—
Inventories of intermediate and finished products	—	—	—	—
Merchandise inventories	—	—	—	—
TOTAL INVENTORIES AND WORK-IN-	**—**	**—**	**—**	**—**
RECEIVABLES				
Advances and deposits paid on orders	30,983	—	30,983	56,689
Accounts receivable	102,564	—	102,564	161,119
Other receivables	10,167,894	—	10,167,894	2,400,508
Capital subscribed and called, unpaid	—	—	—	—
TOTAL RECEIVABLES	**10,301,441**	**—**	**10,301,441**	**2,618,316**
AVAILABILITY AND MISCELLANEOUS				
Marketable securities	—	—	—	—
Availability	4,315,351	—	4,315,351	28,496,425
TOTAL CASH AND MISCELLANEOUS	**4,315,351**	**—**	**4,315,351**	**28,496,425**
Prepaid expenses	822,004		822,004	791,323
CURRENT ASSETS	**15,438,796**	**—**	**15,438,796**	**31,906,064**
Deferred debt issuance costs	—		—	—
Bond redemption premiums	—		—	—
Cumulative translation adjustment	55,332		55,332	157
GENERAL TOTAL	**62,583,568**	**26,542,085**	**36,041,482**	**41,734,240**

BALANCE SHEET LIABILITIES (in euros)		31/12/2023 Net (N)	31/12/2022 Net (N)
NET POSITION			
Share or individual capital	of which paid in	6,075,105	3,101,855
Share premium, merger premium, contribution premium,		37,803,174	47,454,988
Revaluation reserves	of which goodwill	—	—
Legal reserve		—	—
Statutory or contractual reserves		—	—
Regulated reserves		—	—
Other reserves		—	—
Retained earnings		(4,846,830)	—
Net income for the year		(25,827,125)	(26,254,806)
Subtotal		**13,204,323**	**24,302,038**
INVESTMENT GRANTS		—	—
REGULATED PROVISIONS		—	—
SHAREHOLDERS' EQUITY		**13,204,323**	**24,302,038**
Proceeds from issues of redeemable shares		—	—
Conditional advances		608,662	—
OTHER EQUITY		**608,662**	**—**
Provisions for contingencies		1,039,450	633,955
Provisions for charges		—	165,695
PROVISIONS FOR CONTINGENCIES AND		**1,039,450**	**799,650**
FINANCIAL LIABILITIES			
Convertible bonds		—	—
Other bonds		—	—
Borrowings from credit institutions		9,563,220	10,017,135
Borrowings and other financial liabilities		—	—
TOTAL FINANCIAL LIABILITIES		**9,563,220**	**10,017,135**
ADVANCES RECEIVED ON CONTRACTS IN PROGRESS			
MISCELLANEOUS LIABILITIES			
Trade accounts payable		8,087,850	4,673,262
Tax and social security liabilities		3,136,327	1,831,289
Payables on fixed assets and related accounts		308,980	—
Other liabilities		88,562	58,538
TOTAL OTHER LIABILITIES		**11,621,719**	**6,563,088**
DEFERRED INCOME		—	51,408
DEBTS		**21,184,939**	**16,631,631**
Translation adjustment liabilities		4,109	921
GENERAL TOTAL		**36,041,483**	**41,734,240**

INCOME STATEMENT (in euros)	31/12/2023			31/12/2022
	France	Export	Total	
Sales of merchandise	—	—	—	3,864
Production of goods sold	—	—	—	—
Sales of services	—	129,368	129,368	3,719,972
Net sales	**—**	**129,368**	**129,368**	**3,723,836**
Stocked production			—	—
Capitalized production			—	—
Operating subsidy			52,408	4,967,711
Write-backs of depreciation and provisions, expense transfers			560,648	68,983
Other products			1,122,491	214,678
OPERATING INCOME			**1,864,915**	**8,975,208**
EXTERNAL LOADS				
Purchases of goods (and customs duties)			—	—
Change in merchandise inventories			—	—
Purchases of raw materials and other supplies			1,019,547	362,121
Change in inventories (raw materials and supplies)			—	—
Other purchases and external charges			14,301,540	16,915,301
TOTAL EXTERNAL EXPENSES			**15,321,087**	**17,277,422**
TAXES, DUTIES AND SIMILAR PAYMENTS			241,431	270,442
PERSONNEL EXPENSES				
Wages and salaries			6,004,280	6,757,203
Social security charges			3,110,183	2,635,117
TOTAL PERSONNEL EXPENSES			**9,114,464**	**9,392,320**
OPERATING ALLOWANCES				
Depreciation of fixed assets			289,014	550,583
Provisions for fixed assets			—	—
Provisions for current assets			—	—
Provisions for liabilities and charges			727,603	799,494
TOTAL OPERATING ALLOWANCES			**1,016,617**	**1,350,077**
OTHER OPERATING EXPENSES			**544,991**	**702,570**
OPERATING EXPENSES			**26,238,591**	**28,992,830**
OPERATING INCOME			**(24,373,675)**	**(20,017,622)**
FINANCIAL PRODUCTS				
Financial income from investments			5,481,454	165,235
Income from other fixed asset securities and receivables			—	—
Other interest and similar income			258,985	512,884
Reversals of provisions and expense transfers			95,311	991,575
Positive exchange rate differences			173,841	3,024,542
Net proceeds from sales of marketable securities			10,282	—
TOTAL FINANCIAL INCOME			**6,019,874**	**4,694,236**
FINANCIAL EXPENSES				
Depreciation, amortization and provisions			7,983,618	9,492,984
Interest and similar expenses			347,621	187,084
Negative exchange differences			261,882	1,044,651
Net expenses on disposals of marketable securities			—	—
TOTAL FINANCIAL EXPENSES			**8,593,121**	**10,724,719**
FINANCIAL RESULT			**(2,573,248)**	**(6,030,483)**
INCOME FROM ORDINARY ACTIVITIES			**(26,946,923)**	**(26,048,106)**

INCOME STATEMENT (CONTINUED)	31/12/2023	31/12/2022
EXTRAORDINARY INCOME		
Extraordinary income from management operations	—	—
Extraordinary income from capital transactions	23,620	680
Reversals of provisions and expense transfers	**32,254**	—
TOTAL EXTRAORDINARY INCOME	**55,874**	**680**
EXCEPTIONAL EXPENSES		
Exceptional expenses on management operations	207,509	4,500
Exceptional expenses on capital transactions	82,767	—
Exceptional depreciation, amortization and provisions	296,939	1,688,771
TOTAL NON-RECURRING EXPENSES	**587,215**	**1,693,271**
EXCEPTIONAL INCOME	**(531,341)**	**(1,692,591)**
Employee profit-sharing	—	—
Income tax	(1,651,139)	(1,485,890)
PROFIT OR LOSS	**(25,827,125)**	**(26,254,806)**

The financial year runs for 12 months, from 01/01/2023 to 31/12/2023.
The notes and tables presented below form an integral part of the financial statements.

Company registered office address. 60 avenue Rockefeller, 69008, Lyon, France.

1. KEY EVENTS OF THE YEAR

Activity

February 2023:

On February 15, 2023, ERYTECH announced a strategic alliance with Pherecydes, a biotech company specializing in precision phagotherapy to treat resistance and/or complicated bacterial infections, with the intention of building a world leader in phagotherapy.

March 2023 :

On March 20, 2023, ERYTECH's Social and Economic Committee issued a favorable opinion on the proposed merger with PHERECYDES, in accordance with the legal and regulatory provisions in force.

April 2023 :

ERYTECH Pharma received approval from The Nasdaq Stock Market LLC on April 12, 2023, to transfer the listing of its American Depositary Shares representing ordinary shares of the Company ("ADSs") from the Nasdaq Global Select Market to the Nasdaq Capital Market. The transfer became effective at the opening of trading on April 14, 2023. ERYTECH's shares continued to trade under the symbol "ERYP" and trading in its ADSs was not affected by the transfer.

On April 17, 2023, Akkadian Partners, an entity domiciled in Luxembourg and acting on behalf of Akkadian Partners Fund, declared that on April 13, 2023, it had exceeded the threshold of 5% of ERYTECH Pharma's capital and held 5.06% of the company's capital and 4.83% of its voting rights.

May 2023 :

On May 1, 2023, Akkadian Partners informed ERYTECH's Board of Directors of its intention to oppose the proposed merger with PHERECYDES and take de facto control of ERYTECH in order to pursue alternative acquisition projects with ERYTECH's cash. After reviewing and evaluating the acquisition projects mentioned by Akkadian, ERYTECH's management and Board of Directors, with the assistance

of external financial and legal advisors, determined that the proposed ideas were not in the best interests of ERYTECH and its stakeholders.

On May 15, 2023, ERYTECH and PHERECYDES entered into a merger agreement, under which PHERECYDES would be absorbed into ERYTECH and PHERECYDES shareholders would receive 15 new ERYTECH shares for every 4 PHERECYDES shares they owned. A contribution by Elaia Pertners, GoCapital, and a pool of PHERECYDES shareholders represented by Mr. Guy Rigaud, of 827,132 PHERECYDES shares was made to ERYTECH in consideration for 3,101,745 newly issued ERYTECH shares.

June 2023 :

On June 5, 2023, ERYTECH Pharma announced that Akkadian Partners had initiated legal proceedings to obtain the postponement of the vote on the merger with Pherecydes at the Annual General Meeting on June 23, 2023. On June 14, 2023, the Lyon Commercial Court rejected Akkadian's request to postpone the vote on the merger with PHERECYDES Pharma.

On June 20, 2023, ERYTECH announces that Akkadian is continuing its attempt at destabilization by filing a new complaint. Despite the rejection by the President of the Lyon Commercial Court of Akkadian Partners' request to postpone the AGM vote on the proposed merger, Akkadian Partners is seeking the cancellation of the capital increase of May 15, 2023. This capital increase was carried out in accordance with the delegation of authority granted by the 2022 Extraordinary General Meeting of ERYTECH shareholders under resolution 29, and on the basis of the reports issued by Finexsi, acting as contribution auditor in accordance with Articles L. 225-174, R. 22 10-7 and R. 225-136 of the French Commercial Code, and AMF recommendation no. 2020-06.
On June 23, 2023, the merger with PHERECYDES was approved by ERYTECH Pharma shareholders at the Combined General Meeting. The change of ERYTECH's corporate name to PHAXIAM Therapeutics was also approved. This merger has retroactive effect for accounting and tax purposes to January 1, 2023, so that the results of all operations carried out by PHERECYDES from January 1, 2023 until the merger completion date have been assumed by PHAXIAM.
On June 28, 2023, PHAXIAM Therapeutics announced that the new mnemonic code for its shares on Euronext and Nasdaq had been changed from ERYTECH Pharma to PAHXIAM, with effect from June 29, 2023.

July 2023

PHAXIAM Therapeutics has announced the consolidation of its shares through the exchange of ten (10) existing shares with a par value of ten euro cents (€0.10) for one (1) new share with a par value of one euro (€1). The reverse stock-split will have no impact on the Company's share capital, and will result in the division of the number of outstanding shares by ten (10). The share consolidation exchange period began on August 16, 2023 and ended on September 15, 2023. The New Shares resulting from the reverse stock split were admitted to trading on the Euronext regulated market in Paris, with effect from September 18, 2023, and were assigned a new ISIN code (FR001400K4B1).

In connection with the reverse stock split, The Bank of New York Mellon ("BNY Mellon"), depositary for PHAXIAM's American Depositary Receipt ("ADR") program, effected a reverse stock split under this ADR program, effective September 18, 2023. Holders of the Company's ADRs were required to surrender their old ADRs to BNY Mellon for cancellation and exchange in order to receive one (1) new American Depositary Share ("ADS") (CUSIP: 29604W207) for every ten (10) old ADSs (CUSIP: 29604W108).

September 2023

On September 19, 2023, PHAXIAM Therapeutics announced the extension of its phage portfolio to Klebsiella pneumoniae, a new resistant and aggressive bacterial target. PHAXIAM's anti-Klensiella

pneumoniae phages will enter preclinical development to evaluate their efficacy in lung, blood and urinary tract infections, in addition to the three main targets already developed (S. aureus, P. aeruginosa and E. coli).

On September 21, 2023, PHAXIAM communicated internally the responses of staff based at the Nantes and Romainville sites to the proposal to regroup teams in Lyon. Consultation of the CSE (Social and Economic Committee) on the refusal of mobility is scheduled for October.

October 2023

On October 3, 2023, PHAXIAM and Vetophage announced a long-term strategic research collaboration to combine their expertise in the search for new phages and phage-derived proteins (endolysins) in the fight against microbial resistance.

On October 9, 2023, PHAXIAM announced a very broad spectrum of activity for its anti-S. aureus phages (PP1493 and PP1815) against clinical bacterial strains.

A retrospective analysis was carried out on 105 clinical strains of Staphylococcus aureus, tested using the PHAXIAM phage in clinical trials, rescue therapies and Compassionate Access Authorizations (CAAs). Results showed that 98% of these pathogenic S. aureus strains were sensitive to at least one of PHAXIAM's two anti-S. aureus phages (PP1493 and PP1815).

Phagogram is an in vitro diagnostic (IVD) test designed to measure the sensitivity of bacterial strains present in patients to PHAXIAM Therapeutics phages. It is also the first CE-marked IVD test dedicated to the evaluation of phage activity.

On October 24, 2023, PHAXIAM announced that it had received approval from the Agence nationale de sécurité du médicament et des produits de santé (ANSM) and the Comité de Protection des Personnes (CPP) Sud-Est II-Lyon for the protocol of its phase 1 study in infective endocarditis caused by Staphylococcus aureus (S. aureus).

Endocarditis is an infection of the endocardium (inner lining of the heart) and valves, usually caused by bacteria. It can lead to heart failure, valve damage and stroke. It remains one of the most fatal heart diseases, with a death rate of 30 to 40%. The main cause of infective endocarditis, S. aureus, is responsible for around 30%1 of cases. Treatment involves antibiotics, sometimes combined with surgery to repair damage to the heart valves. Despite advances in the prevention and treatment of other cardiovascular diseases, the incidence and mortality of endocarditis due to S. aureus have increased in recent years, necessitating the development of innovative therapies in the face of antibiotic resistance.
The protocol for PHAXIAM's multicenter Phase 1 study in this indication has received the necessary approvals from ANSM and CPP Sud-Est II-Lyon. The study involves 12 patients requiring replacement of an infected heart valve. Recruited from 4 French hospitals (Henri Mondor in Créteil, Hôpital Bichat-Claude Bernard in Paris, CHU de Nantes and CHRU de Nancy), patients will be treated for 2 to 4 days with a combination of 2 anti-S. aureus phages, administered intravenously once or twice a day, until the day of surgery.

The primary objective of the study is to verify the safety of intravenous administration of PHAXIAM phages, to study their pharmacokinetics in the blood and to measure their concentration in the valve resected during surgery.

These data will be used to define the optimal intravenous administration regimen, as well as for future phage therapy efficacy studies in indications requiring this route of administration. The first results of the study are expected in mid-2024.

2. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 11, 2024, PHAXIAM announced that the voluntary delisting from the Nasdaq Capital Market ("Nasdaq") of the American Depositary Shares ("ADSs") representing its ordinary shares had become effective. Each ADS represents one ordinary share of the Company. The Company will file a Form F-15 with the Securities and Exchange Commission ("SEC") to suspend its reporting obligations under the Securities Exchange Act of 1934, as amended ("Exchange Act"), with respect to the ADSs and the underlying ordinary shares. The Company expects that deregistration of the ADSs under the Exchange Act will be effective 90 days after the filing of Form F-15.

3. ACCOUNTING PRINCIPLES AND METHODS

3.1. Principle and general conventions

The Company's historical loss-making position is explained by the innovative nature of the products it develops, involving a research and development phase lasting several years. General accounting conventions have been applied with due respect for the principle of prudence, in accordance with the underlying assumptions:

- going concern,
- consistency of accounting methods from one year to the next,
- exercise independence,

and in accordance with the general rules governing the preparation and presentation of annual financial statements.

The Company has historically financed its growth by strengthening its equity base through capital increases and convertible bond issues.

As of the date of the Board of Directors' meeting which approved the consolidated financial statements, and taking into account the additional cost-cutting measures and arrangements put in place to preserve cash, the Company estimates that its current cash position will enable it to finance its current programs and planned operating expenses until the beginning of September 2024, taking into account in particular the following items:

- 4.3 million at December 31, 2023, consisting mainly of bank accounts and term deposits that can be drawn down immediately without penalty,
- Cash consumption forecasts for the 12 months following the balance sheet date.

As a result, the company's current cash and cash equivalents should not be sufficient to cover its operating needs for at least the next 12 months.

However, PHAXIAM is pursuing discussions aimed at refinancing the company in the first half of 2024 in order to continue its project.

These events and conditions indicate that there is significant uncertainty about the Company's ability to continue as a going concern. Consequently, it may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Company is currently evaluating various sources of financing, including the issuance of equity instruments and/or new debt or partnership agreements to continue financing the Company's operations beyond its liquidity horizon.

The Company's ability to raise short-term financing will depend on financial and economic conditions and the willingness of investors or lenders to provide financing, and the Company may be unable to raise short-term financing on favorable terms or at all. In addition, the high volatility of the financial markets has had, and may continue to have, a negative impact on the price of our ordinary shares, and could adversely affect our ability to raise additional funds. If the Company is unable to raise capital when needed or on favorable terms, it could be forced to delay, reduce or eliminate its research and development programs or any future commercialization efforts, or cease all operations, and its shareholders could lose all or part of their investment in the Company.

The basic method used to value items recorded in the accounts is the historical cost method.
Accounting policies have been applied in accordance with the provisions of the French Commercial Code, the Accounting Decree of November 29, 1983, as well as CRC Regulations 2000-06, 2004-06, 2002-10 and ANC Regulation 2014-03 of June 5, 2014 as amended by ANC Regulation 2017-03 of 03/11/2017 and ANC Regulation 2016-07 of 04/11/2016.

3.2. Changes in accounting policies

There were no significant changes in accounting regulations or accounting methods during the year ended December 31, 2023.

3.3. Other accounting principles

The main other methods used are as follows:

Intangible assets

Intangible assets are measured at cost.

Intangible assets mainly comprise the costs of research projects and software licenses.

Intangible assets with a finite useful life are amortized on a straight-line basis over their useful life.

Concessions, software and patents are amortized over periods ranging from 1 to 10 years.

R&D costs are accounted for as follows in the research phase :

- No intangible assets resulting from research are recognized,
- The intangible asset is recognized if, and only if, PHAXIAM can demonstrate :
    - technical feasibility,
    - the intention and ability to complete or sell the asset,
    - how the intangible asset will generate probable future economic benefits,
    - the availability of resources to complete the development, use or sale of the intangible asset,

- the ability to reliably measure the expenditure attributable to the intangible asset or to its development.

Property, plant and equipment

Property, plant and equipment are valued at acquisition cost (purchase price plus incidental expenses, excluding fixed asset acquisition costs) or production cost.

Depreciation is calculated on a straight-line or declining-balance basis over the expected useful life of the asset:

- Concessions, software, patents 1 to 10 years
- Technical installations 3 to 10 years
- Industrial machinery and equipment 1 to 5 years
- Office equipment and furniture 3 to 5 years

Equity interests, other long-term investments, marketable securities

The gross value is the purchase cost excluding incidental expenses. When the inventory value is lower than the gross value, a provision for depreciation is booked for the difference.

Receivables

Receivables are valued at their face value. A provision for impairment is recorded when the inventory value is lower than the book value.

Foreign currency transactions

Income and expenses in foreign currencies are recorded at their exchange value on the transaction date.

Foreign currency receivables and payables at year-end are translated at the exchange rate prevailing at that date. Translation differences are recorded in the balance sheet under "Translation adjustments". Unrealized foreign exchange losses that have not been offset are covered by a provision for risks, shown under "Provisions for foreign exchange losses".

Cash accounts in foreign currencies at year-end are translated at the exchange rate prevailing at that date. Foreign exchange gains and losses arising on translation are recognized in the income statement.

Positive exchange differences on trade receivables and payables are recognized in other operating income following the application of regulation (ANC 2015-05).

Recognition of subsidy products

Subsidy income is recognized as soon as the subsidy is granted.

In accordance with the principle of matching expenses to income, the timing of the corresponding expenditure is taken into account and, where appropriate, part of the grant is recorded as "Deferred income" when the grant agreement explicitly provides for compulsory expenditure.

The Company therefore recognizes deferred income corresponding to the portion of the grant received corresponding to unrealized expenditure.

On the other hand, accrued income is recognized when the expenses incurred result in the recognition of a portion of the subsidy receivable.

Conditional advances

Advances received from the French government generally comprise a portion in the form of grants, which do not have to be repaid, and a portion repayable in the event of technical or commercial success, classified as conditional advances.

Conditional advances are shown in the balance sheet under "Other equity" for as long as there is any doubt as to their technical or commercial success.

A government grant is recognized as accrued income in the year in which the related program expenditure is incurred, either as compensation for expenses or losses already incurred, or as immediate financial support to the Company with no related future costs.

Clinical trials

Clinical trial costs are expensed as incurred. Costs incurred in excess of invoices received are recorded under "Unpaid invoices".

Estimated hospital costs to December 31, 2022 and December 31, 2023

Although the Company's Phase 3 clinical trial in second-line advanced pancreatic cancer (TRYbeCA-1) was completed in 2021 (see note 1), there is a significant time lag between the period when clinical services are rendered by hospitals (i.e. patient treatment, including chemotherapy) and the date on which the Company receives invoices from these hospitals. The Company has therefore continued to use estimates and judgment to assess the remaining hospital costs to be accrued for this clinical trial.

The provision for hospitalization costs relating to this trial is still measured as the excess of estimated costs incurred over invoices received. However, the Company has re-estimated the costs incurred using actual costs and the Company's clinical department's census of hospitals that have finalized their billing process. Actual costs were calculated on the basis of invoices received from hospitals or costs declared by hospitals in the Medidata database, used by the Company to track costs and pay hospital invoices. A revised average cost per patient in France and Spain was derived from this analysis, and then applied to the other sites for which there was no formal evidence of billing completion.

Provisions

UA provision for liabilities and charges is recognized whenever an item of property, plant and equipment has a negative economic value for the entity, resulting in an obligation to a third party which is probable or certain to result in an outflow of resources to the third party, without at least equivalent consideration expected from the latter.

Transactions with related parties not carried out under normal market conditions

During the year, equity instruments were allocated to management in the form of bonus shares ("AGA") or stock options ("SO"). This information is detailed in note 7.3.

Merger

In accordance with ANC regulation 2014-03 of June 5, 2014 amended by regulation 2022-01 of March 11, 2022, the assets and liabilities of Pherecydes were contributed at fair value as at June 23, 2023, in accordance with the merger agreement of June 15, 2023.

The capital gain arising from the revaluation of Pherecydes' assets and liabilities at fair value, which had no accounting impact in the absorbing company, was reintegrated in full into taxable income for the year.

The difference between the value of the Pherecydes shares and the net assets transferred is recognized as a merger loss under financial income/expense.

The difference between the amount of the capital increase and the amount of the net assets contributed is recorded as merger premium in shareholders' equity.

The retroactive effect of the merger to January 1, 2023 means that Pherecydes transactions will be recognized in the absorbing entity from January 1 to December 31, 2023.

The company has not signed any specific agreements relating to retirement commitments. No provision for retirement indemnities has been recognized in the parent company financial statements at the balance sheet date.

The estimate of the pension commitment presented at the end of the notes to the financial commitments table is calculated using the projected unit credit method (or pro rata rights at term method).

The technical assumptions used are as follows:

	31/12/2023	31/12/2022
Discount rate	3.20 %	3.16 %
Wage increases	2 %	2 %
Social security contribution rate		
non-executive	39 %	39 %
- frames	51 %	51 %
- executive management	49 %	49 %
Staff turnover rate		
- non-managerial and managerial	High	High
- executive management	Low	Low
Retirement age	65 - 67 years	65 - 67 years
Mortality table	TGH05 TGF05	TGH05 TGF05

4. ADDITIONAL INFORMATION ON THE BALANCE SHEET

4.1. Assets

4.1.1. Fixed assets

FIXED ASSETS (in euros)	Gross value at beginning of year	Pherecydes fusion	Increases through revaluation	Acquisitions, contributions, creations, transfers
INTANGIBLE ASSETS				
Start-up and development costs	—	17,084,353	—	—
Concessions, patents and similar rights	1,666,529	—	—	—
Fonds commercial	—	1,017,000	—	—
Other intangible assets (1)			—	—
TOTAL INTANGIBLE ASSETS	**1,666,529**	**18,101,353**	**—**	**—**
PROPERTY, PLANT AND EQUIPMENT				
Land	—	—	—	—
Buildings on own land	—	—	—	—
Buildings on non-building land	—	—	—	—
Buildings and general facilities	—	—	—	—
Plant and equipment	2,962,257	721,995	—	—
General installations, fittings and miscellaneous	2,758,072	596,504	—	—
Transport equipment	—	—	—	—
Office equipment, computers and furniture	718,739	243,295	—	680
Recyclable packaging and miscellaneous	—	—	—	—
Property, plant and equipment in progress	—	—	—	722,716
Advances and deposits	—	—	—	—
TOTAL PROPERTY, PLANT AND EQUIPMENT	**6,439,068**	**1,561,794**	**—**	**723,396**
FINANCIAL ASSETS				
Investments accounted for by the equity method	—	—	—	—
Other investments	18,351,992	—	—	—
Other long-term investments	—	—	—	—
Loans and other non-current financial assets	608,068	110,021	—	20,860
TOTAL FINANCIAL FIXED ASSETS	**18,960,061**	**110,021**	**—**	**20,860**
GENERAL TOTAL	**27,065,658**	**19,773,168**	**—**	**744,256**

FIXED ASSETS (in euros)	Decreases by transfer	Decreases through disposals and retirements	Gross value at year-end	Statutory revaluations
INTANGIBLE ASSETS				
Start-up and development costs	—	(14,353)	17,070,000	—
Concessions, patents and similar rights	—	—	1,666,529	—
Fonds commercial	—	—	1,017,000	—
Other intangible assets (1)	—	—	—	—
TOTAL INTANGIBLE ASSETS	**—**	**(14,353)**	**19,753,529**	**—**
PROPERTY, PLANT AND EQUIPMENT				
Land	—	—	—	—
Buildings on own land	—	—	—	—
Buildings on non-building land	—	—	—	—
Buildings and general facilities	—	—	—	—
Plant and equipment	53,388	(192,518)	3,545,122	—
General installations, fittings and miscellaneous	—	—	3,354,575	—
Transport equipment	—	—	—	—
Office equipment, computers and furniture	—	(2,563)	960,151	—
Recyclable packaging and miscellaneous	—	—	—	
Property, plant and equipment in progress	(53,388)	—	669,328	—
Intangible assets in progress	—	—	—	—
Advances and deposits	—	—	—	—
TOTAL PROPERTY, PLANT AND EQUIPMENT	**—**	**(195,081)**	**8,529,177**	**—**
FINANCIAL ASSETS				
Investments accounted for by the equity method	—	—	—	—
Other investments	—	—	18,351,992	—
Other long-term investments	—	—	—	—
Loans and other non-current financial assets	—	(284,208)	454,741	—
TOTAL FINANCIAL FIXED ASSETS	**—**	**(284,208)**	**18,806,733**	**—**
GENERAL TOTAL	**—**	**(493,642)**	**47,089,439**	**—**

EVENTS AND CHANGES DURING THE YEAR (in euros)

DEPRECIABLE FIXED ASSETS	Amount at beginning of year	Pherecydes fusion	Increases additions	Decreases reversals	Montant fin d'exercice
INTANGIBLE ASSETS					
Start-up and development costs	—	—	—	—	—
Concessions, patents and similar rights	65,225	—	3,955	—	69,180
Fonds commercial	—	—	—	—	—
Other intangible assets	—	—	—	—	—
TOTAL INTANGIBLE ASSETS	**65,225**	**—**	**3,955**	**—**	**69,180**
PROPERTY, PLANT AND EQUIPMENT					
Land	—	—	—	—	—
Buildings on own land	—	—	—	—	—
Buildings on non-building land	—	—	—	—	—
Buildings and general facilities	—	—	—	—	—
Industrial plant and equipment	2,040,790	586,901	116,721	86,381	2,658,030
General fixtures and fittings	2,480,316	241,147	90,317	—	2,811,779
Transport equipment	—	—	—	—	—
Office equipment, computers and furniture	579,417	174,562	56,910	3,162	807,727
Recyclable packaging and miscellaneous	—	—	—	—	—
TOTAL PROPERTY, PLANT AND EQUIPMENT	**5,100,522**	**1,002,609**	**263,948**	**89,543**	**5,274,927**
GENERAL TOTAL	**5,165,747**	**1,002,609**	**267,902**	**89,543**	**6,346,716**

BREAKDOWN OF DEPRECIATION CHARGES FOR THE YEAR (in euros)

DEPRECIABLE FIXED ASSETS	Increases additions	Declining balance	Exceptional depreciation
INTANGIBLE ASSETS			
Start-up and development costs	—	—	—
Concessions, patents and similar rights	3,955	—	—
Fonds commercial	—	—	—
Other intangible assets	—	—	—
TOTAL INTANGIBLE ASSETS	**3,955**	**—**	**—**
PROPERTY, PLANT AND EQUIPMENT			
Land	—	—	—
Buildings on own land	—	—	—
Buildings on non-building land	—	—	—
Buildings and general facilities	—	—	—
Industrial plant and equipment	116,721	—	—
General fixtures and fittings	90,317	—	296,939
Transport equipment	—	—	—
Office equipment, computers and furniture	56,910	—	—
Recyclable packaging and miscellaneous	—	—	—
TOTAL PROPERTY, PLANT AND EQUIPMENT	**263,948**	**—**	**296,939**
Acquisition costs of equity interests	—	—	7,858,985
GENERAL TOTAL	**267,902**	**—**	**8,155,924**

SITUATIONS ET MOUVEMENTS DE L'EXERCICE (en euros)

PROVISIONS FOR DEPRECIATION OF FIXED ASSETS	Amount at beginning of year	Pherecydes fusion	Increases endowments	Decreases reversals	Year-end amount
INTANGIBLE ASSETS					
Start-up and development costs	—	—	—	—	—
Concessions, patents and similar rights	1,596,000	—	—	—	1,596,000
Fonds commercial	—	—	—	—	—
Other intangible assets	—	—	—	—	—
TOTAL INTANGIBLE ASSETS	**1,596,000**	**—**	**—**	**—**	**1,596,000**
PROPERTY, PLANT AND EQUIPMENT					
Industrial plant and equipment	794,836	—	—	32,254	762,582
General fixtures and fittings	65,430	—	296,939	—	362,369
Office equipment, computers and furniture	122,797	—	—	—	122,797
TOTAL PROPERTY, PLANT AND EQUIPMENT	**983,063**	**—**	**296,939**	**32,254**	**1,247,748**
FINANCIAL ASSETS					
Equity interests	9,423,334	—	7,858,985	—	17,282,319
Other long-term investments	69,494	25,661	—	25,854	69,301
TOTAL FINANCIAL FIXED ASSETS	**9,492,828**	**25,661**	**7,858,985**	**25,854**	**17,351,620**
GENERAL TOTAL	**12,071,891**	**25,661**	**8,155,924**	**58,108**	**20,195,368**

Intangible assets

The change in gross intangible assets is mainly due to the merger with Pherecydes and the recognition of research work on osteoarticular infections on prostheses (PJI) for €14,404,000, endocarditis (EnDoCom) for €2,666,000 and goodwill for €1,017,000.

Clinical trials are underway for both indications. The company will commission and amortize these intangible assets once it has obtained marketing authorization (AMM) from the health authorities.

Property, plant and equipment

The €296,939 impairment of property, plant and equipment recorded in 2023 mainly concerns the technical facilities and industrial equipment at the Adenine experimental drug production unit (Lyon, France). The impairment loss was recognized following the decision to restructure the Company's operations in France, and in particular the decision to initiate a mass redundancy procedure following the shutdown of Eryaspase production at Adenine. These measures were made necessary by the failure of the TRYbeCA1 and TRYbeCA2 clinical trials, which led to the end of the development program for the experimental drug Eryaspase. The impairment was recognized as an exceptional charge.

Long-term investments

The company holds a single 100% interest in Erytech Pharma Inc., which is headquartered in the United States (One Main Street, Cambridge, Massachusetts, USA).

At December 31, 2023, "Other investments" include :

- the gross value of the subsidiary's shares amounted to $20,000,000, for a euro equivalent of €18,351,992.
- A provision for impairment of the subsidiary's shares of €9,423,334 had been recorded in the 2022 financial statements and supplemented by a provision of €7,858,985 in the 2023 financial statements to cover the subsidiary's negative net worth.

At December 31, 2023, other non-current financial assets comprised 70,442 € of treasury shares for which a provision of 69,301 € has
been set aside, and deposits and guarantees for 384,299 €.

DETAILED INFORMATION ON SUBSIDIARIES AND AFFILIATES (in euros)	Capital	Reserves and retained earnings before appropriation of net income	Percentage of capital held (%)	Book value of shares held		Book value of shares held	Guarantees and endorsements given by the company
				Gross	Net		
1. Subsidiary (+50% of capital held by the							
- ERYTECH PHARMA Inc.	0.83	(3,188,511)	100,00	18,351,992	1,069,673		0

DETAILED INFORMATION CONCERNING SUBSIDIARIES AND AFFILIATES (in euros)	Sales excluding tax for the last financial year	Results (profit or loss for the last financial year)	Results (profit or loss for the last financial year)
1. Subsidiary (+50% of capital held by the company)			
- ERYTECH PHARMA Inc.	715,884	(2,164,680)	0.0

4.1.2. Statement of receivables

STATEMENT OF RECEIVABLES (in euros)	Gross Amount	Within 1 year or less	Over 1 year
OF FIXED ASSETS			
Receivables from investments	—	—	—
Loans	—	—	—
Other long-term investments	454,741	263,221	191,521
TOTAL NON-CURRENT ASSETS	**454,741**	**263,221**	**191,521**
CURRENT ASSETS			
Doubtful or disputed customers	—	—	—
Other trade receivables	102,564	102,564	—
Receivables representing securities lent or given as collateral	—	—	—
Personnel and related accounts	11,320	11,320	—
Social security and other social organizations	—	—	—
French government - Research tax credit	3,135,400	3,135,400	—
State - Value added tax	1,567,371	1,567,371	—
State - Other taxes and levies	1,523	1,523	—
State - Miscellaneous	—	—	—
Group and associates	5,429,864	5,429,864	—
Sundry debtors	53,399	53,399	—
TOTAL CURRENT ASSETS	**10,301,441**	**10,301,441**	**—**
Prepaid expenses	822,004	822,004	—
GENERAL TOTAL	**11,578,187**	**11,386,666**	**191,521**

Research tax credit

Since its creation in 2004, the Company has benefited from the Research Tax Credit (Crédit d'Impôt Recherche - CIR), as defined by article 244 quater B I of the French General Tax Code.

The amount is recognized in the income statement as a deduction from corporate income tax, in exchange for a tax receivable.

The Company's CIR for the last two years amounted to :

- 2023 : 1,651,139 €
- 2022 : 1,485,890 €

Group and associates

In 2023, the Company recorded a dividend from its subsidiary, Erytech Inc, in the amount of $6,000,000. This dividend was paid in January 2024.

Sundry debtors

Sundry debtors mainly comprise credit notes receivable from suppliers.

4.1.3. Availability

The Company's cash position stands at 4,315,351 € and consists solely of current accounts. Term deposits of €12,000,000 at December 31, 2022 have been fully repaid in 2023.

4.2. Liabilities

4.2.1. Shareholder's equity

Composition of share capital

SECURITIES CATEGORIES	Number	Nominal value
1 - Shares in the capital stock at the beginning of the year	**31,018,553**	**0.10 €**
2 - Shares issued during the year	29,732,501	0.10 €
3 - Shares redeemed during the year		
4 - Share consolidation during the year	(54,675,949)	
5 - Share capital at year-end	**6,075,105**	**1.00 €**

The Company held 2,500 of its own shares at December 31, 2023.

PHAXIAM Therapeutics has announced the consolidation of its shares through the exchange of ten (10) existing shares with a par value of ten euro cents (€0.10) for one (1) new share with a par value of one euro (€1). The reverse stock-split will have no impact on the Company's share capital, and will result in the division of the number of outstanding shares by ten (10). The share consolidation exchange period began on August 16, 2023 and ended on September 15, 2023. The New Shares resulting from the reverse

stock split were admitted to trading on the Euronext regulated market in Paris, with effect from September 18, 2023, and were assigned a new ISIN code (FR001400K4B1).

CHANGES IN EQUITY (in euros)	Share capital	Additional paid-in capital	Reserves and RAN	Net income for the year	Total shareholders' equity
At December 31, 2022	**3,101,855**	**47,454,988**	**—**	**(26,254,806)**	**24,302,038**
Appropriation of n-1 profit		(21,407,976)	(4,846,830)	26,254,806	—
Issue of ordinary shares	2,973,250	11,756,162			14,729,412
Share purchase warrant					—
Net income for the year				(25,827,125)	(25,827,125)
At December 31, 2023	**6,075,105**	**37,803,174**	**(4,846,830)**	**(25,827,125)**	**13,204,325**

Earnings for the year ended December 31, 2022 were deducted from additional paid-in capital and carried forward in accordance with the decision of the AGM of June 23, 2023.

At December 31, 2023, after taking into
account the effects of the reverse stock-split, the Company's share capital comprised 6,075,105 shares (60,751,054 shares before the reverse stock-split), efully paid up and with a par value of 1.00 euro.

In 2023, the Company carried out the following capital increases (adjusted for the effects of the reverse stock-split):

- May 2023, issue of 3,101,745 common shares before reverse stock split ;
- June 2023, issue of 26,630,756 common shares before consolidation.

4.2.2. Conditional advances

An increase in conditional advances linked to the merger with PHERECYDES. These advances relate to Phagogramme projects.

As part of the TEDAC research program, Bpifrance granted the Company a repayable advance for a total amount (gross and interest) of €5,280,999.

Repayment of the BPI advance is triggered by the achievement of a cumulative sales milestone of 10 million euros for Graspa in the treatment of solid tumors. Following the negative results of the Trybeca 1 clinical trial and the failure of the Trybeca 2 clinical trial in 2022, the Company can no longer market and sell Graspa for the treatment of solid tumors. Consequently, in 2022, the extinction of the repayable advance debt has been recognized as grant income for €4,895,052 and as financial income for €385,947.

4.2.3. Provisions for contingencies and charges

PROV. FOR RISKS AND CHARGES (in euros)	Amount at beginning of year	Increases endowments	Decrease reversals	Year-end amount
Provisions for fines and penalties	—			—
Provisions for exchange losses	157	55,335	(159)	55,333
Tax provisions	—			—
Provisions for social security and on vacation pay	—			—
Other provisions for liabilities and charges	799,494	727,603	(542,979)	984,118
TOTAL	**799,651**	**782,938**	**(543,138)**	**1,039,451**

At December 31, 2023, other provisions for contingencies and charges mainly comprise the risk of a dispute with a subcontractor and a provision for charges relating to rents for the Romainville premises, which were returned at the end of January 2024 and whose lease expires in September 2024.

At December 31, 2022, other provisions for liabilities and charges mainly comprise a provision for the cessation of use of the Adenine production site, whose lease expires at the end of June 2024. In December 2023, most of the premises were returned to the lessor. At December 31, 2023, a partial reversal of the provision was recognized. Only the portion relating to the cost of restoring the premises still occupied, whose lease expires in June 2024, has been retained.

The provision of €165,695 for the restructuring plan initiated in 2022 has been reversed in full in 2023. Production of experimental drugs based on Eryaspase (Grapsa) ceased in 2022, at the end of the TRYbeCA 1 and 2 clinical trials, the results of which were inconclusive.

Since February 2023, the Company has been subject to a tax audit for the years 2020 and 2021, which is triggered every 3 years (previous audit in 2019). At the date of publication of the financial statements, the tax authorities had not issued any reassessments. No provision for tax risks has been recorded in the 2023 financial statements.

4.2.4. Statement of liabilities

STATEMENT OF DEBTS (in euros)	Amount gross	Within 1 year or less	More than 1 year	More than 5 years
Convertible bonds				
Other bonds				
With credit institutions				
to a maximum of 1 year				
over 1 year at inception	22,373	22,373		
Borrowings and other financial liabilities				
Trade accounts payable	3,600,578	3,600,578		
Personnel and related accounts	1,485,935	1,485,935		
Social security and other organizations	649,486	649,486		
Income tax				
Value added tax	—	—		
Guaranteed bonds				
Other taxes and duties	63,629	63,629		
Payables on property, plant and equipment and				
Group and associates				
Other liabilities	—	—		
Debt representing borrowed securities				
Deferred income	—	—		
GENERAL TOTAL	**5,822,002**	**5,822,001**	—	—

Payables to credit institutions

In November 2020, the Company obtained two State Guaranteed Loans (or PGE) of 5 million euros each from Bpifrance and Société Générale in the context of the Covid-19 pandemic. The loans bear interest at fixed rates of 1.67% and 0.25% p.a. respectively. They have an initial term of one year, with an option to defer repayment for five years. The Company has exercised the deferral options, and repayment will begin in 2023.

The increase in financial debt compared with 2022 corresponds to the inclusion of the State Guaranteed Loan (PGE) taken out by Pherecydes for a nominal amount of 2 million euros with Bpifrance. This loan carries a fixed interest rate of 2.25%. It has an initial term of one year, with an option to defer repayment for five years. Repayments began in 2023.

4.2.5. Accrued income and prepaid expenses

Accruals and deferred income

(in euros)	Expenses	Products
Operating income or expenses	822,004	—
Financial income or expense		
Non-recurring income or expense		
TOTAL	**822,004**	—

Prepaid expenses include €251,816 for corporate officers' insurance, €153,685 for advance billings by suppliers for rental of premises, and €168,658 for rent and IT maintenance.

Accrued income

Accrued income is not material and requires no further analysis.

Accrued expenses

AMOUNT OF EXPENSES PAYABLE IN THE FOLLOWING BALANCE SHEET ITEMS (in euros)	Amount
Convertible bonds	
Other bonds	
Borrowings from credit institutions	22,373
Borrowings and other financial liabilities	
Trade accounts payable	8,396,830
Tax and social security liabilities	3,136,327
Payables on fixed assets and related accounts	
Cash and cash equivalents, accrued liabilities	
Other liabilities	—
TOTAL	**11,555,532**

Invoices not yet received for hospital costs amount to 1,431 K€ at December 31, 2023 and 2,355 K€ at December 31, 2022.

5. ADDITIONAL INFORMATION ON NET INCOME

5.1. Net sales

Sales of 129,368€ include intra-group billings to subsidiary ERYTECH Inc., of which €69,086 for management fees and €60,286 for service re-invoicing (IT and auditing).

As the Company has not reached the marketing stage, it does not generate sales from the sale of its pharmaceutical products.

5.2. Operating subsidy

In 2023, the company recorded a grant of €52,408 for the EVIDENCE project.

5.3. Other products

Other income of €1,122,491 mainly concerns reimbursements received for treatments under compassionate access authorization (AAC) from the French national drug safety agency (ANSM), and is presented alongside income from licenses and other contracts.

5.4. Operating expenses

Research costs expensed during the year and not capitalized amounted to 12,175,564 €.

5.5. Net financial income

Net financial income mainly comprises:

- a €7,858,985 provision for impairment in value of the subsidiary's equity interests, and a €69,301 provision for impairment in value of the liquidity contract.
- a provision for unrealized foreign exchange losses of €55,332.
- a merger loss of €171,752 arising from the difference between the Pherecydes contribution and the purchase price of Pherecydes shares.
- a net foreign exchange loss of €88,041.
- a €95,155 reversal of the provision for impairment of the liquidity contract, and a €157 reversal of the unrealized provision for translation adjustments.
- a €5,481,454 ($6,000,000) dividend received from subsidiary Erytech Inc;
- a gain of €269,255 on the use of swaps and dual deposits in foreign currencies and CAT;

5.6. Corporate income tax

Impact of deferred taxation

(in euros)	Amount
Net income for the year	**(25,827,125)**
Income tax	(1,651,139)
Profit before tax	(27,478,264)
Income before tax, excluding special tax assessment	(27,478,264)
Taxable income for the year	**(16,199,497)**
Deficits carried forward from the previous year	364,158,614
Total losses carried forward	**380,358,111**

At December 31, 2023, accumulated tax losses carried forward amount to :

- 380.4m€ in France, which can be carried forward indefinitely ;
- 23.6m€ loss carried forward from the merger with Pherecydes

With regard to these tax loss carryforwards, it should be noted that in two successive rescripts dated November 21, 2022 and December 14, 2023, the company requested the opinion of the tax authorities on the validity of the carryforward of tax losses accumulated firstly at the date of the restructuring of its business in 2022 and then at the date of the addition of the business by way of merger in 2023. To date, the tax authorities have responded unfavorably to the first rescript dated February 20, 2023. The company has requested a second opinion under the first rescript in view of the differing interpretation of the facts. The company is therefore awaiting a decision from the tax authorities on its two rescript requests.

In addition, and in connection with the merger with PHERECYDES, the company has applied to the tax authorities for approval to benefit from the carry-forward of PHERECYDES' accumulated tax losses (€23.6 million) to December 31, 2023. This application is currently under review.

Income tax

Breakdown of income tax for the year between ordinary and exceptional items

(in euros)	Amount	Income from ordinary activities	Net exceptional income
Net income for the year	(25,827,125)	(25,295,784)	(531,341)
Income tax	(1,651,139)	(1,651,139)	
Profit before tax	**(27,478,264)**	**(26,946,923)**	**(531,341)**

The income tax amount corresponds to the research tax credit. It is calculated on the basis of research costs included in ordinary income.

6. RELATED PARTIES

Related parties include the Chairman of the Board of Directors (Didier Hoch), the Vice-Chairman (Gil Beyen), the Managing Director (Thibaut Du Fayet), the two CEOs (Jérôme Bailly and Eric Soyer), members of the Board of Directors and members of the Executive Committee.

The remuneration of related parties recorded in PHAXIAM's income statement at December 31, 2023 amounted to €2,151,000, including :

- Remuneration of €1,836,000, including a €353,000 provision for bonuses to be paid in 2024;
- Directors' fees of €316,000.

The off-balance sheet commitment in respect of retirement benefits payable to related parties is estimated at €210,000 at December 31, 2023.

The Company's corporate officers benefit from indemnities due or likely to become due as a result of termination or change of functions. This indemnity is equal to the remuneration received over the last 12 months.

In addition, DGDs are entitled to a non-competition indemnity under their employment contracts. This is equal to: (i) 1/3 of the average monthly salary received during the last three months with the Company, and is paid for 18 months in the case of Jérôme Bailly; (ii) 1/3 of the average monthly salary received during the last twelve months with the Company, and is paid for 18 months in the case of Eric Soyer.

The Company has no other related parties.

7. OTHER INFORMATION

7.2. Average workforce by CSP

Workforce	Salaried personnel (*)	Temporary personnel
Executives and Comex members	3	0
Executives	38	0
Supervisors, technicians and employees	10	0
TOTAL	**51**	—

(*) does not include the Managing Director, who belongs to the "non-salaried personnel" category.

The workforce at December 31, 2023 is 68 FTE, up sharply on December 31, 2022 (41 FTE). This increase is mainly due to the integration of 30 full-time equivalents from PHERECYDES.

On September 21, 2023, PHAXIAM communicated internally the responses of staff based at the Nantes and Romainville sites to the proposal to regroup the teams in Lyon, 16 people refused the mobility. As a result, the Company initiated a redundancy plan (PSE) for the 16 people concerned. The PSE was approved by the Administration in December 2023, and the first departures took place in January 2024.

7.3. Equity instruments granted to officers, employees and members of the Board of Directors

Equity instruments in the form of share subscription warrants ("BSA"), stock options ("SO"), bonus shares ("AGA") or business creator share subscription warrants ("BSPCE") have been allocated since the Company was founded.

Business creator share subscription warrant plan ("BSPCE")

Instrument type	BSPCE2012	BSPCE2014
Maturity	20-May-2020	22-Jan-2024

In the event of a beneficiary's departure for any reason whatsoever, he or she will retain the BSPCE2014 to which he or she had subscribed prior to his or her departure. However, if a beneficiary leaves the Company before the BSPCE2014 to which he or she is entitled have been subscribed, for any reason whatsoever, the BSPCE2014 will be cancelled. In this case, the unsubscribed BSPCE2014 may be reallocated to other beneficiaries in the same category and/or replacing the person who has left the Company.

The table below shows the characteristics of former Pherecydes plans that have been taken over by PHAXIAM.

The amounts shown in the tables below are presented after the reverse stock split.

Plan	BSPCE 2019-1	BSPCE 2019-2	BSPCE 2019-4	BSPCE 2021-2	BSPCE 2021-3	BSPCE 2021-4
Number of options	3,577	7,500	263	7,500	6,328	62,325
Exercise price	€10.85	€0.92	€10.85	€16.00	€2,187.00	€18.91
Underlying price	€8.20	€0.47	€8.20	€8.20	0.34€ (Tranche 3) 0.35€ (Tranche 4)	€8.20
Expected dividends	— %	— %	— %	— %	— %	— %
Volatility	87.14% - 92.92%	87.01% - 98.86%	84.03% - 89.19%	82.99% - 88.93%	79.89% - 88.22%	80.52% - 88.06%
Risk-free rate	3.0108% - 3.2655%	2.975% - 3.229%	2.8787% - 3.1274%	2.8033% - 3.1269%	2.8517% - 3.0093%	2.8625% - 2.9676%
Fair value of plan (in K€)	29.33	3.53	2.15	61.50	4.37	511.07

Stock warrant plan ("BSA")

Instrument type	BSA2014	BSA2016	BSA2017
Vesting period	NA	Tranche 1: 1 year Tranche 2: 2 years	Tranche 1: 1 year Tranche 2: 2 years Tranche 3: 3 years
Maturity	January 2024	Depends on grant date October-2021 Jan.-2022	Depends on grant date June-2022 Jan-2023

Instrument type	BSA2019	BSA2021	BSA2023
Vesting period	2 years	1 year	2 years
Maturity	Oct.-2022	Oct.-2024	Nov.- 2026

The main characteristics of the plans granted in 2022 and 2023 are as follows:

	Awarded in July 2021	Awarded in November 2023
Number of shares	7525	30000
Plan	BSA2021	BSA 2023
Exercise price	38.20 €	4.31 €

Stock oprion plan ("SO")

Instrument type	SO2016	SO2017	SO2018	SO2019
Vesting period (identical for all plans)		Tranche 1: 2 years Tranche 2: 3 years		
Maturity	Depends on grant date October-2026 January-2027 June-2027 October-2027	Depends on grant date June-2027 January-2028	Depends on grant date September-2028 January-2029 April-2029	Depends on grant date July-2029 October-2029 February-2030

Instrument type	SO2020	SO2021	SO2023
Vesting period (identical for all plans)		Tranche 1: 2 ans Tranche 2: 3 ans	
Maturity	Depends on grant date July-2030 November-2030 June-2031	Depends on grant date July-2031 December-2031	November-2033

The main characteristics of the plans granted in 2022 and 2023 are as follows:

	Awarded in February 2020	Awarded in July 2020	Awarded in November 2020	Awarded in June 2021
Number of options	4195	37400	7500	5700
Exercise price	58.70 €	68.80 €	61.40 €	47.80 €

	Awarded in July 2021	Awarded in December 2021	Awarded in November 2023
Number of options	37755	14900	22,000
Exercise price	37.10 €	€21.40	4.3

Free share plan ("AGA")

Instrument type	AGA2017	AGA2018	AGA2019	AGA2020	AGA2021
Vesting period	Tranche 1: 1 year Tranche 2: 2 years Tranche 3: 3 years			Tranche 1: 1 year Tranche 2: 2 years Tranche 3: 3 years Tranche 4 : 4 years Tranche 5 : 5 years	

Instrument type	AGA2022	AGA2023	AGA2023 II
Vesting period	Tranche 2 : 1 year Tranche 3 : 2 years Tranche 4 : 3 years	Immediate acquisition	Tranche 1 : 12 months Tranche 2 : 18 months Tranche 3 : 24 months

The main characteristics of the plans granted in 2022 and 2023 are as follows:

	Awarded in February 2020	Awarded in July 2020	Awarded in June 2021	Awarded in July 2021
Number of shares	5003.7	25001.2	5083.1	23100
Performance criteria	(2)	(2)	(2)	(2)
ERYP	58.70 €	68.80 €	47.80 €	37.10 €
Performance multiple ("PM")	2.17	2.00	2	2

	Awarded in December 2021	Awarded in 2022	Awarded in September 2023	Awarded in November 2023
Number of shares	9333.2	16,460	27,565	163,200
Performance criteria	(2)	NA	NA	(3)
ERYP	21.40 €	8.20 €	4.90 €	4.54 €
Performance multiple ("PM")	1.50	NA	NA	NA

7.1 (1) performance criteria: increase in the share price between the grant date and the vesting date.

Target attainment rate ("T"): (ERYi - ERYP) / (ERYP x (PM - 1)) For allocations between 2017 and April 2019

- average share price for the 40 days preceding the grant date for grants up to April 2019;
- maximum between the share price on the day before the grant date and the average closing price for the 20 days preceding the grant date, discounted by 5% for grants starting in October 2019.

(3) performance criteria: internal performance conditions

- For tranche 1, 50% of the shares will be definitively allocated if the following objectives are met:
  - Positive results obtained in Phase 1 study in infective endocarditis caused by Staphylococcus aureus (40%)
  - Regulatory approvals obtained to launch phase 2b trial in osteoarticular prosthesis infections (PJI) (60%)
  - The targets for the other tranches will be determined at a later date.

At December 31, 2023, outstanding equity instruments could give rise to the issue of 635,886 potential shares.

7.4 Off-balance sheet commitments

Pension commitments

Commitments given (in euros)	Amount
Pension and other post-employment benefit obligations	374,167
Total	**374,167**

7.5 Market risks

Foreign exchange risk

	Currencies	
	USD	GBP
Financial assets (1)	$ 6,189,808	£ —
Financial liabilities (2)	$ (841,919)	£ (14,309)
OFF-BALANCE SHEET (3)	$ —	£ —
DIFFERENTIAL	$ 5,347,889	£ (14,309)
CONDITIONAL POSITIONS (4)	$ —	£ —

(1) Immobilisations financières, créances d'exploitation, valeur mobiliéres de placement, crédit clientèle, liquidités…

(2) Dettes financières, dettes d'exploitation, dépôts clients, autres…

(3) Change à terme, contrats d'échange de devise, contrats à terme sur devises, autres engagements …

(4) Options sur devises, cautions en devises,engagements futurs (investissements…)

USD sensitivity

A deterioration in the euro/US dollar exchange rate of 1.0666, used to close the accounts at December 31, could have the following impact on financial assets and liabilities, and on the net loss:

	Closing rate	+ 1 %	+ 5 %	+ 10 %
Financial assets	5,601,636 €	*(55,462 €)*	*(266,745 €)*	*(509,240 €)*
of which cash	171,772 €	*(1,701 €)*	*(8,180 €)*	*(15,616 €)*
Financial liabilities	(761,917 €)	*7,544 €*	*36,282 €*	*69,265 €*
DIFFERENTIAL	6,363,553 €	*(63,005 €)*	*(303,026 €)*	*(578,505 €)*

Interest rate risk

The Company's exposure to interest-rate risk is very low. This exposure mainly concerns investments in money-market funds and term accounts. Changes in interest rates have a direct impact on the rate of return on these investments and on the cash flows generated.

Outstanding borrowings bear interest at a fixed rate, and the Company is therefore not subject to any interest rate risk in connection with these loans.

Credit risk

The credit risk associated with the Company's cash and cash equivalents is not material in view of the quality of the financial institutions with which the Company has contracted.

5.3.6. STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

KPMG Audit
51 rue de Saint-Cyr
CS 60409
69338 Lyon Cedex 9
France

RSM Paris
26 rue Cambacérès
75008 Paris

PHAXIAM THERAPEUTICS SA

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ending December 31, 2023

To the Annual General Meeting of Phaxiam Therapeutics S.A.

Opinion

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Phaxiam Therapeutics S.A. for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2009 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the section of this report entitled "Statutory Auditors' Responsibilities Relating to the Audit of the Financial Statements".

Independence

We conducted our audit in accordance with the rules of independence set out in the French Commercial Code and in the Code of Ethics for Statutory Auditors for the period from January 1, 2023 to the date of

issue of our report, and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) no. 537/2014.

Significant going concern uncertainty

Without qualifying the opinion expressed above, we draw your attention to the significant uncertainty relating to events or circumstances that may call into question the going concern assumption described in note 3.1 General principles and conventions of the notes to the financial statements.

Justification of assessments - Key audit points

In accordance with the requirements of articles L.821-53 and R.821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we draw your attention to the matters set out in the "Significant Uncertainties Relating to the Going Concern" section of our report on the risks of material misstatement that we considered, in our professional judgment, to be the most significant to our audit of the financial statements for the year ended December 31, 2009, and our responses to those risks.

These assessments were made in the context of our audit of the financial statements taken as a whole, and of the formation of our opinion expressed above. We do not express an opinion on any individual component of these financial statements.

Merger absorbtion of Pherecydes Pharma S.A. by Phaxiam Therapeutics S.A. (ex Erytech Pharma)

Note 1- Key events of the year - Activity - June 2023 to the financial statements

Identified risk

In accordance with the merger agreement of May 15, 2023, approved by your Annual General Meeting on June 23, 2023, Phaxiam Therapeutics merged with Pherecydes Pharma S.A., transferring all its assets and liabilities at fair value. This net contribution of 14,757 thousand euros was the subject of a specific report by a contribution auditor and, in application of the exchange ratio, gave rise to the recognition of a capital increase of 2,658 thousand euros, a merger premium of 12,100 thousand euros and a merger loss of 172 thousand euros, which was recognized in financial expenses for the year.

In accordance with the provisions of article L.236-4 2° of the French Commercial Code, the merger was retroactive to January 1, 2023, so that the results of all operations carried out by Pherecydes Pharma S.A. from January 1, 2023 until the merger completion date were assumed by Phaxiam Therapeutics S.A..

We have identified this matter as a key audit issue in view of the significant impact of this transaction on the presentation of your Company's year-end financial statements, in particular on its intangible assets (impact of 18,087 thousand euros) and shareholders' equity (impact of 14,729 thousand euros).

Audit procedures implemented in response to this risk

We have assessed the compliance of the accounting treatment applied by the company and of the information presented in note 1 to the financial statements with French accounting principles.

Our work included :

- Appraise the factual elements considered by Phaxiam Therapeutics S.A. in its analysis of the transaction and which led it to consider that the latter meets the definition of a straightforward merger implying that the contributions be valued at fair value;

- Corroborate the merger accounting entries with the actual values of the assets and liabilities set out in the merger agreement;
- Verify that the transactions carried out by Pherecydes Pharma S.A. between January 1 and June 23, 2023 have been correctly recorded in the accounts of Phaxiam Therapeutics S.A. for the year ended December 31, 2023.

Specific checks

In accordance with professional standards applicable in France, we have also performed the specific procedures required by law.

Information provided in the management report and other documents on the financial situation and financial statements sent to shareholders

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the other documents addressed to the shareholders with respect to the financial position and the financial statements.

We hereby attest to the fair presentation and the conformity with the financial statements of the information relating to the payment periods mentioned in article D.441-6 of the French Commercial Code.

Report on corporate governance

We hereby attest that the Board of Directors' report on corporate governance contains the disclosures required by Articles L.225-37-4 and L.22-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.22-10-9 of the French Commercial Code relating to remuneration and benefits paid or granted to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the data used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled by it and included in the scope of consolidation. On the basis of our work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L.22-10-11 of the French Commercial Code relating to factors your company considers liable to have an impact in the event of a takeover bid or public exchange offer, we have verified its consistency with the source documents provided to us. On the basis of our work, we have no matters to report in connection with this information.

Other information

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verifications and disclosures required by law and regulations

Presentation format for annual financial statements to be included in the annual financial report

In accordance with the professional standards applicable in France relating to the audit of the annual and consolidated financial statements presented in accordance with the Single European Electronic Reporting Format, we have also verified that the annual financial statements prepared under the responsibility of the Chief Executive Officer and intended for inclusion in the annual financial report referred to in I of Article L.451-1-2 of the French Monetary and Financial Code comply with this format, as defined by European Delegated Regulation no. 2019/815 of December 17, 2018.

Based on our work, we conclude that the presentation of the financial statements for inclusion in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Appointment of Statutory Auditors

We were appointed statutory auditors of Erytech Pharma S.A. by the General Meeting of June 24, 2016 for KPMG S.A. and the General Meeting of June 21, 2019 for RSM Paris.

At December 31, 2023, KPMG was in the 8th year of its uninterrupted engagement, and RSM Paris was in the 5th year of its engagement, including 8 and 5 years respectively since the Company's shares were admitted to trading on a regulated market.

KPMG Audit Rhône-Alpes Auvergne, a member of the KPMG network, was the entity's statutory auditor from 2010 to 2015, and KPMG S.A. was the entity's statutory auditor from 2004 to 2010. RSM Rhône-Alpes, a member of the RSM network, was previously the entity's statutory auditor from 2014 to 2018.

Responsabilities of managemeng and those charged with governance in relation to the financial statements

It is the responsibility of management to prepare financial statements that give a true and fair view in accordance with French generally accepted accounting principles, and to implement any internal control procedures that it considers necessary to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

When preparing the annual financial statements, it is the responsibility of management to assess the company's ability to continue as a going concern, to present in these statements, where appropriate, the necessary going concern information and to apply the going concern accounting policy, unless the company is to be wound up or cease trading.

It is the responsibility of the Audit Committee to monitor the financial reporting process and the effectiveness of internal control and risk management systems, as well as internal audit where appropriate, with regard to procedures relating to the preparation and processing of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities with regard to the audit of the annual financial statements

Audit objective and approach

Our responsibility is to express an opinion on these financial statements based on our audit. Our objective is to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement. Reasonable assurance refers to a high level of assurance, without however guaranteeing that an audit performed in accordance with professional standards would systematically

detect any material misstatement. Misstatements may be the result of fraud or error and are considered material when it is reasonable to expect that they could, individually or in aggregate, influence the economic decisions made by users of the financial statements.

As stipulated by article L.821-55 of the French Commercial Code, our role as statutory auditors does not include guaranteeing the viability or quality of your company's management.

In an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. In addition :

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and implements audit procedures to address these risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from error, as fraud may involve collusion, falsification, deliberate omission, misrepresentation or circumvention of internal control;

- it obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control;

- it assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the related disclosures in the financial statements;

- it assesses the appropriateness of management's application of the going concern accounting policy and, based on the information gathered, whether or not there is any significant uncertainty linked to events or circumstances that could call into question the company's ability to continue as a going concern. This assessment is based on information gathered up to the date of his report, bearing in mind that subsequent events or circumstances could call into question the company's ability to continue as a going concern. If the auditor concludes that there is a material uncertainty, he draws the attention of the readers of his report to the information provided in the annual financial statements concerning this uncertainty or, if this information is not provided or is not relevant, he issues a qualified opinion or a refusal to certify;

- assesses the overall presentation of the annual financial statements, and whether they give a true and fair view of the underlying transactions and events.

Report to the Audit Committee

We submit a report to the Audit Committee setting out, in particular, the scope of our audit and the work program implemented, together with the conclusions arising from our work. We also report to the Audit Committee on any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information.

The matters disclosed in the report to the Audit Committee include the risks of material misstatement that we considered to be the most significant for the purposes of our audit of the financial statements for the year and which therefore constitute the key points of our audit, which it is our responsibility to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of EU Regulation no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular in Articles L.821-27 to L.821-34 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. Where necessary, we discuss with the Audit Committee the risks weighing on our independence and the safeguards applied.

Statutory Auditors

Lyon, le 5 avril 2024	Paris, le 5 avril 2024
KPMG S.A.	RSM Paris

5.3.7. DATES OF LATEST FINANCIAL INFORMATION

The latest financial information is as at December 31, 2023.

5.3.8. SIGNIFICANT CHANGE IN FINANCIAL OR COMMERCIAL SITUATION

In February 2023, the Company announced plans for a strategic alliance with Pherecydes, aimed at creating a global player in phage therapy and accelerating the development of a portfolio of drug candidates, targeting pathogenic bacteria and other potential indications with significant unmet medical needs.

In June 2023, the merger was approved by the shareholders of both companies. The change in the Company's name was also approved by the Annual General Meeting on June 23, 2023.

In September 2023, the Company completed its reverse stock-split. The consolidation involved the exchange of ten (10) existing shares with a par value of ten euro cents (€0.10) for one (1) new share with a par value of one euro (€1). The new shares resulting from the reverse stock-split were admitted to trading on the Euronext regulated market in Paris on September 18, 2023, the first day of trading, and were assigned a new ISIN code (FR001400K4B1).

In February 2024, the Company announced its intention to voluntarily withdraw from the Nasdaq Capital Market its American Depositary Shares representing its ordinary shares. The withdrawal became effective prior to the opening of trading on March 11, 2024, at which time the ADSs are no longer traded on the Nasdaq Capital Market.

In March 2024, PHAXIAM voluntarily withdrew its American Depositary Shares from the Nasdaq Capital Market.

PHAXIAM remains listed on Euronext Paris, its main market.

Delisting from Nasdaq will significantly reduce PHAXIAM's cash burn and enable the Company to focus its financial resources on key stages of its development and value creation.

(see also note 2.9 Post-balance sheet events)

5.3.9. KNOWN TRENDS, UNCERTAINTIES, REQUESTS FOR COMMITMENTS OR REASONABLE EVENTS LIKELY TO AFFECT THE COMPANY'S PROSPECTS

The Group has been structurally loss-making since its inception. The net cash flows used by the Group's operating activities are 56.8 million euros in 2021, 31.8 million euros in 2022 and 24.4 million euros in 2023 (see section 5.2.2.1 of the Universal Registration Document for further information). Cash and cash equivalents amounted to 10.5 million euros at December 31, 2023, compared with 38.8 million euros at December 31, 2022, representing a net reduction in cash of (28.3) million euros.

At the date of the Board of Directors' meeting which approved the consolidated financial statements, and taking into account the additional cost-cutting measures put in place to preserve cash, the Company estimates that its current cash position will enable it to finance its current programs and planned operating expenses until the beginning of September 2024, taking into account the following items in particular:

- Cash and cash equivalents held by the Company amounted to 10.5 million euros at December 31, 2023, consisting mainly of cash on hand and term deposits that can be drawn down immediately without penalty,
- Cash consumption forecasts for the 12 months following the balance sheet date.

As a result, the company's current cash and cash equivalents should not be sufficient to cover its operating needs for at least the next 12 months.

At the same time, PHAXIAM is pursuing discussions aimed at refinancing the company in the first half of 2024 in order to continue its project.

These events and conditions indicate that there is significant uncertainty about the Company's ability to continue as a going concern. Consequently, it may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Company is evaluating various sources of financing, including the issuance of equity instruments and/or new debt or partnership agreements to continue financing the Company's operations beyond its liquidity horizon.

The Company's ability to raise short-term financing will depend on financial and economic conditions and the willingness of investors or lenders to provide financing, and the Company may be unable to raise short-term financing on favorable terms or at all. In addition, the high volatility of the financial markets has had, and may continue to have, a negative impact on the price of our ordinary shares, and could adversely affect our ability to raise additional funds. If the Company is unable to raise capital when needed or on favorable terms, it could be forced to delay, reduce or eliminate its research and development programs or any future commercialization efforts, or cease all operations, and its shareholders could lose all or part of their investment in the Company.

5.3.10. PROFIT FORECASTS OR ESTIMATES

The Company does not wish to communicate earnings forecasts, as the assumptions on which such forecasts would be based would be too imprecise at the date of preparation of this Universal Registration Document.

5.3.11. OTHER INFORMATION IN THE MANAGEMENT REPORT

5.3.11.1 FIVE-YEAR INCOME STATEMENT

This table has been prepared on the basis of Phaxiam Therapeutic's French GAAP financial statements.

COMPANY RESULTS OVER THE LAST FIVE YEARS	31/12/2018	31/12/2020	31/12/2021	31/12/2022	31/12/2023
FINANCIAL POSITION AT YEAR-END					
a) Share capital (in euros)	1,794,004	2,005,756	3,101,855	3,101,855	6,075,105
b) Number of shares issued	17,940,035	20,057,562	31,018,553	31,018,553	6,075,105
c) Number of bonds convertible into shares	—	—	—	—	—
COMPREHENSIVE INCOME FROM OPERATIONS (in euros)					
a) Sales excluding VAT	2,339,998	1,072,224	892,049	3,723,836	129,368
b) Income before tax, depreciation, amortization and provisions	(55,403,129)	(71,321,454)	(52,804,529)	(16,200,440)	(17,492,875)
c) Income tax* (in euros)	(3,913,289)	(3,432,022)	(3,668,719)	(1,485,890)	(1,651,139)
d) Income after tax, depreciation, amortization and provisions	(54,208,339)	(71,036,842)	(48,643,094)	(26,254,806)	(25,827,125)
e) Distributed profits	—	—	—	—	—
RESULTS OF OPERATIONS REDUCED TO A SINGLE					
a) Income after tax but before depreciation, amortization and	(2,87)	(3,69)	(2,07)	(1)	(3.15)
b) Income after tax, depreciation, amortization and provisions	(3,02)	(3,86)	(2,05)	(1)	(4.25)
c) Dividend per share	—	—	—	—	
PERSONNEL					
a) Number of employees	152	152	135	92	68
b) Total payroll	7,713,637	7,865,365	6,937,882	6,757,203	6,004,280
c) Amounts paid in respect of social benefits (social security, works, etc.)	3,765,277	4,093,063	3,573,678	2,635,117	3,110,183

* Corresponds to research tax credit

5.3.11.2 DIVIDEND POLICY

DIVIDENDS PAID OVER THE LAST THREE YEARS

None.

DIVIDEND POLICY

There are no plans to initiate a dividend policy in the short term, given the Company's stage of development.

5.3.11.3 APPROPRIATION OF NET INCOME

Under French GAAP, the Company reported a loss of 25,827,124.87 € at December 31, 2023 *(see section 5.3.3 of the Universal Registration Document)*.

A proposal will be made to the Annual General Meeting to allocate this loss to retained earnings in the amount of (25,827,124.87). The "retained earnings" account will therefore be increased to (€30,673,955.36). These figures exclude transactions subsequent to December 31, 2023, which could have an impact on these items.

5.3.11.4 EXTRAVAGANT EXPENSES AND NON-TAX-DEDUCTIBLE CHARGES

The Company has made the following write-backs in calculating 2023 taxable income:

- Company car tax for 5,671 euros ;
- Excess depreciation on leased passenger vehicles for 19,596 euros ;
- Non-deductible portion of directors' fees paid: 440,497 euros.

5.3.11.5 INFORMATION ON PAYMENT TERMS

Pursuant to Articles L. 441-14 and D. 441-4 of the French Commercial Code, the table below shows invoices received but not yet paid and invoices issued but not yet paid at the balance sheet date for the year ended December 31, 2023:

Invoices received but not yet paid at year-end and past due (Table provided for in I of article D.441-4)						
	0 days (current)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and over**	**Total (1 day or more)**
(A) Late payment brackets						
Number of invoices concerned	325	201	99	82	1102	1484
Total amount of invoices concerned	2,206,271 €	949,657 €	681,278 €	2,185 €	198,863 €	1,831,983 €
Percentage of total purchases excluding VAT for the year	14.4 %	6.2 %	4.4 %	— %	1.3 %	12.0 %
(B) Invoices excluded from (A) relating to disputed or unrecorded payables and receivables						
Number of invoices				38		néant
Total amount of invoices concerned				449,018 €		
Percentage of total purchases excluding				2.9 %		
(C) Reference payment terms used (contractual or legal deadlines - article L441-6 or article L.443-1 of the French commercial code)						
Payment periods used to calculate late payments	Contractual payment terms (10, 15, 20, 30, 45, 60, 90 days net depending on supplier and country)					

Invoices issued but not yet paid at the balance sheet date when due (table provided for in I of article D.441-4)						
	0 days (current)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and over**	**Total (1 day or**
(A) Late payment brackets						
Number of invoices concerned	3	0	0	0	0	0
Total amount of invoices concerned	102,564 €	— €	— €	— €	— €	— €
Percentage of total purchases excluding VAT	8.6 %	— %	— %	— %	— %	— %
(B) Invoices excluded from (A) relating to disputed or unrecorded payables and receivables						
Number of invoices	0	0	0	0	0	0
Total amount of excluded invoices	— €	— €	— €	— €	— €	— €
(C) Reference payment terms used (contractual or legal deadlines - article L441-6 or article L.443-1 of the French Commercial Code)						
Payment periods used to calculate late payments	Contractual payment terms (cash or 30 days net)					

5.4. INTERNAL CONTROL

5.4.1 PRINCIPAL FEATURES OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

5.4.1.1 CONCEPTUAL FRAMEWORK FOR INTERNAL CONTROL AND RISK MANAGEMENT

Reference

The Company is guided by recommendation 2016-05 on periodic disclosures by companies listed on a regulated market, by the AMF reference framework for risk management and internal control systems (recommendation 2010-16) and by AMF recommendation 2010-15 on the supplementary AMF report on corporate governance, executive compensation and internal control for small and mid caps that refer to the MiddleNext Code.

5.4.1.2 RISK MANAGEMENT

Objectives

Anticipating and controlling risks are central to the Company's strategy. In particular, risk management aims to :

- Promote the achievement of the Company's objectives (see also section 4 below);
- Analyze and address the risks identified to date by the Company and presented in chapter 2 of the Universal Registration Document, in particular by:
    - maintaining the highest standards of product quality and safety to help patients live better, longer;
    - safeguarding the Company's interests;
    - securing the Company's processes.

System components

Under the responsibility of the Managing Director, Mr Eric SOYER, the risk management system provides for :

- a risk management policy validated and disseminated within Phaxiam Therapeutics, including :
    - definition of roles and responsibilities in risk management
    - procedures and methodology for managing and identifying risks
- risk analysis (identification, analysis and treatment of risk) on :
    - Development and Production activities,
    - physical and information systems security,
    - the Company's assets and reputation.

The Company has also developed :

- A Code of Conduct and Ethics to promote a culture of responsibility and commitment, and to ensure the highest standards of ethical business conduct in its dealings with patients, business partners and shareholders, as well as in its interactions with government authorities. It provides the information needed to act with integrity and in compliance with the laws and regulations that apply to its activities. The Board of Directors adopted the code in 2017 applicable to all the company's employees, officers, directors, subcontractors, agents and partners.
- A whistle-blowing procedure enabling any employee acting in good faith, who has a doubt or suspicion about potentially illegal practices in the areas of finance, accounting, anti-corruption, competition law, discrimination and harassment, safety, health and hygiene in the workplace to report their concerns to the Director of Risk and SOX Compliance.
- An IT charter is communicated to all staff and describes the security rules to be respected by employees.

5.4.1.3 INTERNAL CONTROL

Internal control objectives

An internal control system is in place to ensure :

- compliance with laws and regulations ;
- application of instructions and guidelines set by General Management;
- the proper functioning of the Company's internal processes, in particular those contributing to the safeguarding of its assets;
- the reliability of financial information; and
- in general, it contributes to the control of its activities, the effectiveness of its operations and the efficient use of its resources.

By helping to prevent and control the risks of not achieving the objectives set by the Company (see also section 5.4.1.4 below), the internal control system plays a key role in the management and steering of its various activities.

However, internal control cannot provide an absolute guarantee that the Company's objectives will be achieved.

System components

In collaboration with the Audit Committee (see also section 5.4.1.4 below), responsibility for internal control lies with the Managing Director, Mr Eric SOYER.

The internal control system provides for :

- an organization with clearly defined responsibilities, adequate resources and skills (see also section 5.4.1.4 below), supported by appropriate procedures, information systems, tools and practices (see also section 5.4.1.4 below);
- the internal dissemination of relevant, reliable information (notably via an electronic document management system), knowledge of which enables everyone to exercise their responsibilities;
- a system for identifying and analyzing the main risks to the Company's objectives, and for ensuring that risk management procedures are in place;
- control activities proportionate to the specific challenges of each process, and designed to reduce the risks likely to affect the achievement of the Company's objectives;

Accordingly, the Company has formalized a number of internal procedures considered essential to the smooth running of its business in a secure environment. The Company's internal control framework includes documentation for each process and associated procedures, a risk and control matrix which indicates the nature of each control, the person responsible, the frequency with which it is carried out, and an operating procedure sheet. It should be noted that this framework is also deployed for IT processes (access management, maintenance management and IT operations (backups, incidents).

5.4.1.4 SCOPE OF RISK MANAGEMENT AND INTERNAL CONTROL

The Company ensures that its internal control and risk management procedures cover all its activities. The scope of the system covers all areas of significant risk, over and above accounting and financial controls. It covers areas such as product quality, procurement and information systems, with the aim of helping patients live better and longer.

Mr. Thibaut DU FAYET, Chairman and Chief Executive Officer, and Mr. Eric SOYER, Executive Vice-President, are responsible for defining, promoting and monitoring the system best suited to the Company's situation and business. Within this framework, they ensure that any necessary corrective action is taken. They are responsible for reporting to the Audit Committee on the key features of the risk management and internal control system.

In accordance with the Internal Rules of the Board of Directors, which were last updated on May 3, 2021, the Audit Committee is responsible for reporting to the Board of Directors any major risks and/or weaknesses in internal control and any significant risks likely to have a material impact on accounting and financial information.

Where necessary, the Board of Directors may make use of its general powers to carry out the controls and verifications it deems appropriate, or take any other initiative it deems appropriate.

Finally, external auditors, certifying bodies and regulatory authorities such as the Statutory Auditors contribute to internal control through their controls and/or audits.

5.4.2 SARBANES-OXLEY ACT ASSESSMENTS

In addition to the measures described in section 5.4.1 above, and as part of the Company's annual report to the SEC ("Annual Report on Form 20-F"), section 404 of the Sarbanes-Oxley Act requires the Company's senior management to assess the effectiveness of internal control procedures relating to financial information, and to identify any material weaknesses in this report, starting with the second annual report following the Company's initial public offering in the United States.

PHAXIAM Therapeutics has voluntarily delisted its American Depositary Shares from the Nasdaq Capital Market, effective March 11, 2024. The Company has filed a Form F-15 with the Securities and Exchange Commission ("SEC") to suspend its reporting obligations under the Securities Exchange Act of 1934, as amended ("Exchange Act"), with respect to the ADSs and underlying ordinary shares. As a result, PHAXIAM is no longer required, as of this date, to comply with the Sarbanes-Oxley Act, and is no longer required to issue reports concerning internal control.

5.5 LEGAL AND ARBITRATION PROCEEDINGS

On 2 June 2023, Akkadian Partners (18 rue Robert Stümper, L-2557 Luxembourg) (Akkadian) initiated emergency proceedings before the President of the Lyon Commercial Court, which led to the appointment of a legal expert to give an opinion on the merger parity retained by the parties. Akkadian Partners did not wish to pay the additional deposit required by the expert, which resulted in the expert interrupting his mission and submitting his report as it stands on 21 February 2024. In his report, the expert indicated that he was unable to give an opinion on the merger parity.

At the same time, on 19 June, 27 June and 28 July 2023, the Company received three writs of summons before the Lyon Commercial Court at the request of Akkadian, seeking respectively (i) the nullity of the capital increase of 15 May 2023 (ii) the establishment of an action in concert and the deprivation of the voting rights of the concert parties and (iii) the nullity of the general meeting of 23 June 2023 which approved the completion of the merger. The proceedings initiated by the summonses of 19 June, 27 June and 28 July 2023 were all joined at a procedural hearing on 27 September 2023. The proceedings on the substance are ongoing.

On 2 May 2023, the Company filed a claim against PILLS ACQUISITIONCO SCI before the Court of Bobigny, in its capacity as lessor of the Romainville premises (which were returned in January 2024), seeking compensation for the damage suffered, i.e. the failure to justify rental charges and disturbances to the use of the premises.

CHAPTER 6. OTHER INFORMATION

6.1 CORPORATE ELEMENTS

6.1.1. DATE OF INCORPORATION, DURATION AND TRANSFORMATION OF THE COMPANY

The Company was incorporated as a *société par actions simplifiée* (simplified joint-stock company) under a private deed signed in Lyon on October 26, 2004. It was transformed into a *société anonyme* with a Management Board and a Supervisory Board following a decision by the Company's Extraordinary General Meeting on September 29, 2005. The Annual General Meeting of April 2, 2013 modified the Company's corporate governance structure, subject to the condition precedent of the Company's listing on the stock market, to create a Board of Directors instead of a Management Board and a Supervisory Board.

The Company's term is 99 years from the date of its registration in the Commercial and Companies Register, except in the event of dissolution or extension.

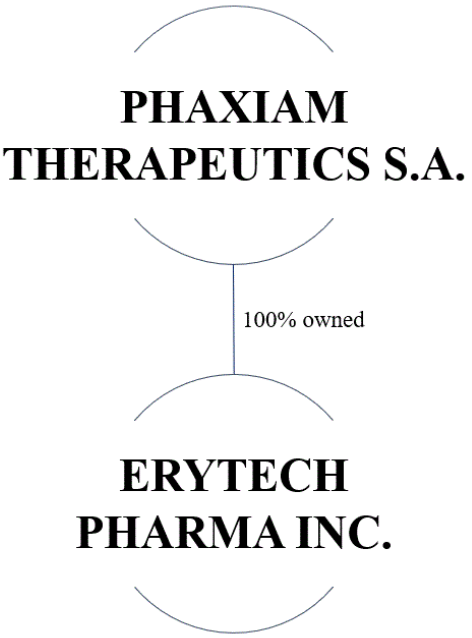
6.1.2. LEGAL FORM OF THE COMPANY AND APPLICABLE LEGISLATION

The Company is a *société anonyme* (public limited company) under French law, governed by the provisions of the French Commercial Code.

6.1.3. FINANCIAL YEAR

The 12-month financial year begins on January 1 and ends on December 31 of each year.

6.1.4. ORGANIZATION



As of the date of the Universal Registration Document, the Company does not have any branches. Following the merger with Pherecydes, the Company has two secondary establishments located in Nantes (44) and Romainville (93).

It wholly owns a subsidiary "ERYTECH Pharma, Inc." established in Delaware (US) on April 9, 2014 and whose address is: PO Box 507 Lunenburg, MA 01462, USA. The purpose of the subsidiary is:

- The research, manufacture, importation, distribution and marketing of investigational drugs, medicines, devices and apparatus;
- Carrying out all related consulting services;
- And generally, all financial, commercial, industrial, civil, real estate or movable operations, which may be directly or indirectly linked to one of the specified objects or likely to facilitate its achievement.

To date, the subsidiary ERYTECH Pharma Inc. only acts as support for the Company in the United States, in particular for the Company's medical division and as part of its previous clinical trials carried out in the United States via its employees. and external consultants. Research and development activities as well as clinical trials are supported as promoter exclusively by the Company.

Its officers are Mr. Gil BEYEN (President) and Eric SOYER (Treasurer and Secretary).

Its capital is $1.

The key financial aggregates of the Company's subsidiary as of December 31, 2023 are presented in note 4.1.1 of the appendix to the Company's financial statements appearing in section 5.3.3 of the Universal Registration Document.

Furthermore, intra-group financial flows are presented in section 3.2.1 of the Universal Registration Document.

6.1.5. CORPORATE PURPOSE (ARTICLE 3 OF THE STATUTES)

The Company has the purpose, in France and in any country, of:

- The research, manufacture, import, distribution, and marketing of experimental drugs, drugs, devices, and medical equipment;
- the provision of all advisory services associated therewith;

and generally, all financial, commercial, industrial, civil, property, or security-related transactions, such as may directly or indirectly relate to one of the purposes specified or such as may facilitate their fulfilment.

The Company may act directly or indirectly and perform all these operations in any country, on its own behalf and on behalf of third parties, either alone or with third parties in a joint venture, association, grouping, or company, through the creation of new companies, contributions, partnerships, subscription, purchase of company securities or rights, merger, alliance, joint venture companies, or the obtaining or provision, under lease or management, of any assets and rights or other items.

6.2 RESPONSIBLE PERSONS AND INFORMATION FROM THIRD PARTIES, EXPERT REPORTS

6.2.1 RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Thibaut du Fayet, Chief Executive Officer of the Company.

6.2.2 CERTIFICATE FROM THE RESPONSIBLE PERSON

"*I certify that the information contained in this Universal Registration Document is, to the best of my knowledge, consistent with reality and does not contain any omission likely to alter its scope.*

I certify that, to the best of my knowledge, the accounts have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial situation and results of the company and of all the companies included in the consolidation, and that the management report appearing in this Universal Registration Document presents a faithful picture of the evolution of the business, the results and the financial situation of the company and of all the companies included in the consolidation and that it describes the main risks and uncertainties they face."

April 5, 2024
Thibaut du Fayet
Chief Executive Officer

6.2.3 PERSONS RESPONSIBLE FOR FINANCIAL INFORMATION

Thibaut du Fayet, Chief Executive Officer and Eric Soyer, Deputy Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.
Tel : +33 4 78 74 44 38
e-mail : *investors@phaxiam.com*

6.3 STATUTORY AUDITORS

6.3.1 PRINCIPAL STATUTORY AUDITORS

KPMG S.A, public limited company, RCS Nanterre 775 726 417, 2 Avenue Gambetta Tour Eqho, Paris la Défense 92066 Nanterre Cedex.

Date of first appointment: June 24, 2016.

Expiration date of mandate: General Meeting ruling on the accounts for the financial year ending December 31, 2027.

KPMG Audit Rhône Alpes Auvergne was the statutory auditor since June 11, 2010 and until its replacement by KPMG S.A on June 24, 2016 at the end of its mandate.

RSM Paris S.A.S, simplified joint stock company RCS PARIS 792 111 783, 26 rue Cambacérès 75008 Paris.

Date of first appointment: June 21, 2019.

Expiry date of mandate: General Meeting ruling on the accounts for the financial year ending December 31, 2025.

RSM Rhône Alpes was the statutory auditor since June 17, 2014 and until its replacement by RSM Paris on June 21, 2019.

CERTIFICATE OF FEES PAID TO LEGAL AUDITORS

The table below shows the fees paid by the Company to the Statutory Auditors over the last two years:

	KPMG S.A				RSM Paris S.A.S			
	31/12/2022		31/12/2023		31/12/2022		31/12/2023	
(in thousands of euros)	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Statutory audit, certification, review of individual and consolidated financial statements	568	100%	463	74%	225	94%	115	79%
Issuer	*538*	*95%*	*463*	*74%*	*149*	*62%*	*115*	*79%*
Fully consolidated subsidiaries	*30*	*5%*		*—%*	*76*	*32%*		*—%*
Services other than certification of accounts	—	0%	165	26%	14	6%	30	21%
Issuer	*—*	*—%*	*165*	*26%*	*14*	*6%*	*30*	*21%*
Fully consolidated subsidiaries	*—*	*—%*	*—*	*—%*	*—*	*—%*	*—*	*—%*
Sub-total	**568**	**100%**	**628**	**100%**	**239**	**100%**	**145**	**100%**
Other services provided by group entities to fully consolidated subsidiaries	*None*		*None*		*None*		*None*	
Legal, tax, employment								
Other								
Sub-total	**—**	**—%**	**—**	**—%**	**—**	**—%**	**—**	**—%**
TOTAL	**568**	**100%**	**628**	**100%**	**239**	**100%**	**145**	**100%**

6.4 AVAILABLE DOCUMENTS

During the validity period of the Universal Registration Document, the following documents may, where applicable, be consulted on the Company's website (www.phaxiam.com):

- the By-laws of the Company;
- the 2022 Universal Registration Document;
- the 2023 Half-Year Financial Report; And
- all reports, letters and other documents, evaluations and declarations drawn up by an expert at the request of the company, part of which is included in the Universal Registration Document.

CONCORDANCE TABLES

The concordance tables below allow identification in the Universal Registration Document:

- the information provided for in Annexes I and II of Delegated Regulation (EU) No. 2019/980 dated March 14, 2019;
- the information which constitutes the annual financial report (article L. 451-1-2 of the Monetary and Financial Code and article 222-3 of the AMF General Regulations); And
- the information which constitutes the annual management report (articles L. 225-100 et seq. and L. 22-10-34 et seq. of the Commercial Code).

Annex I to Delegated Regulation (EU) n°2019/980		Universal registration document
1.	**Responsible persons, third-party information, expert reports and competent authority approval**	
1.1	Identity of responsible persons	Section 6.2.1 page 313
1.2	Declaration of responsible persons	Section 6.2.2 page 313
1.3	Name, address, qualifications and potential interests of persons acting as experts	NA
1.4	Certification of third-party information	NA
1.5	Declaration by the competent authority	Cover page
2.	**Statutory auditors**	
2.1	Identity of statutory auditors	Section 6.3 page 313
2.2	Change, if any	Section 6.3 page 313
3.	**Risk factors**	Chapter 2 page 55
4.	**Information about the issuer**	
4.1	Corporate name and trading name of issuer	Note, page 4
4.2	Location, registration number and LEI of issuer	Note, page 4
4.3	Date of incorporation and term of issuer	Section 6.1.1 page 311
4.4	Registered office and legal form of issuer, legislation governing activities, country of origin, address and telephone number of registered office, website with disclaimer	Introductory note page 4 Sections 6.1.1 page 311, section 6.1.2 page 311
5	**Business overview**	
5.1	Main activities	Section 1.3 page 9 , section 1.4 page 12, section 1.5 page 12 and section 1.6 page 17
5.1.1	*Nature of operations*	*Section 1.3 page 9 , section 1.4 page 12, section 1.5 page 12 and section 1.6 page 17*
5.1.2	*New products and services*	*NA*
5.2	Main markets	Section 1.8 page 18
5.3	Significant events	Section 1.1 page 6
5.4	Strategy and objectives	Section 1.2 page 8
5.5	Dependence on patents, licenses, contracts and manufacturing processes	Section 1.10 page 21

Annex I to Delegated Regulation (EU) n°2019/980		Universal registration document
5.6	Statement on competitive position	Section 1.11 page 22 and section 2.1.2 page 57
5.7	Investments	
5.7.1	*Major investments made*	*Section 1.12 page 24*
5.7.2	*Major investments in progress or planned in the future, for which the issuer's management bodies have already made firm commitments, and financing methods*	*Section 1.12 page 24*
5.7.3	*Joint ventures and commitments in which the issuer holds a significant proportion of the capital*	*Section 3.1.1.2.7 page 90*
5.7.4	*Environmental issues*	*Section 1.13.2 page 29*
6.	**Organizational structure**	
6.1	Brief description of the Group	Section 6.1.4 page 311
6.2	List of major subsidiaries	Section 6.1.4 page 311
7.	**Review of financial position and results**	
7.1	Financial position	Section 5.1 page 173
7.2	Results of operations	Section 5.1 page 173
8.	**Liquidity and capital resources**	
8.1	Capital information	Section 5.2.1 page 181
8.2	Cash flow information	Section 5.2.2 page 183
8.3	Financing requirements and structure	Section 5.2.3 page 184
8.4	Restrictions on use of capital	Section 5.2.4 page 185
8.5	Expected sources of financing	Section 5.2.5 page 185
9.	**Regulatory environment**	Section 1.14 page 32
10.	**Trend information**	Section 5.3.7 page 301
11.	**Profit forecasts or estimates**	Section 5.3.8 page 302
12.	**Administrative, management and supervisory bodies and senior management**	
12.1	Information concerning members	Section 3.1.1.2 page 78
12.2	Conflicts of interest	Section 3.1.1.2.4 page 84
13.	**Compensation and benefits**	
13.1	Remuneration and benefits in kind	Section 3.1.2.1 page 96
13.2	Provisions for pensions and retirement	Section 3.1.2.1.3 page 104, section 3.1.2.2 page 123
14.	**Functioning of administrative and management bodies**	
14.1	Expiry date of terms of office	Section 3.1.1.2.2 page 78
14.2	Service contracts binding members of administrative, management or supervisory bodies to the issuer	Section 3.1.1.2.4 page 84
14.3	Information on audit and remuneration committees	Section 3.1.1.2.5 page 84
14.4	Declaration of compliance with applicable corporate governance regime	Section 3.1.1.1 page 77
14.5	Potential significant impacts on corporate governance	NA
15.	**Employees**	
15.1	Number of employees	Section 1.13.1 page 25
15.2	Shareholdings and stock options	Section 4.1 page 154 and section 3.1.2.1 page 96

Annex I to Delegated Regulation (EU) n°2019/980		Universal registration document
15.3	Employee shareholding agreement	NA
16.	**Major shareholders**	
16.1	Shareholders holding more than 5% of the share capital at the date of the registration document	Section 4.1 page 154
16.2	Existence of different voting rights	Section 4.3 page 156
16.3	Direct or indirect control	Section 4.4 page 159
16.4	Agreement whose implementation could result in a change of control	Section 4.4.3 page 160
17.	**Transactions with related parties**	Section 3.2 page 132
18.	**Financial information concerning the issuer's assets and liabilities, financial position and results of operations**	
18.1	Historical financial information	Section 5.1 page 173, section 5.3.1 page 186 and section 5.3.3 page
18.2	Interim and other financial information	NA
18.3	Audit of annual financial information	Section 5.3.2 page 251 and section 5.3.4 page 295
18.4	Pro forma financial information	NA
18.5	Dividend policy	Section 5.3.9.2 page 302
18.6	Administrative, legal and arbitration proceedings	Section 5.5 page 310
18.7	Significant changes in financial position	Section 5.3.6 page 300
19.	**Further information**	
19.1	Share capital	
19.1.1	*Amount of subscribed capital, number of issued and fully paid-up shares and par value per share, number of authorized shares.*	*Section 4.6.1 page 163*
19.1.2	*Information on shares not representing capital*	*NA*
19.1.3	*Number, book value and par value of shares held by the issuer*	*Section 4.6.4 page 163*
19.1.4	*Information on convertible securities, exchangeable securities or securities with warrants*	*Section 4.6.6 page 165*
19.1.5	*Information on the conditions governing any acquisition rights and/or obligations attached to capital subscribed but not paid up, or on any undertaking to increase the capital*	*Section 4.6.7 page 169*
19.1.6	*Information on the capital of any member of the Group under option or agreed conditionally or unconditionally to be put under option, and details of such options.*	*NA*
19.1.7	*History of share capital*	*Section 4.6.9 page 170*
19.2	Memorandum and by-laws	
19.2.1	*Register and corporate purpose*	*Section 6.1.5 page 312*
19.2.2	*Rights, privileges and restrictions attached to each class of shares*	*Section 4.5 page 160*
19.2.3	*Provisions delaying, deferring or preventing a change of control*	*Section 4.4 page 159*
20.	**Material contracts**	Section 1.9 page 19
21.	**Documents available**	Section 6.4 page 314

Annex I to Delegated Regulation (EU) n°2019/980	Universal registration document
Approval from the competent authority	Cover page

Annual financial report	Universal registration document
1. Certification from the responsible person	Section 6.2.2 page 313
2. Annual social accounts according to French standards	Section 5.3.3 page 263
3. Report of the auditors on the annual corporate accounts according to French standards	Section 5.3.4 page 295
4. Consolidated annual accounts under IFRS standards	Section 5.3.1 page 186
5. Report of the auditors on the consolidated annual accounts under IFRS standards	Section 5.3.2 page 251
6. Management report	Index below
7. Report of the Board of Directors on corporate governance	Section 3.1, page 77
8. Report of the auditors on the report of the Board of Directors on corporate governance	N.A.
9. Press release relating to the fees of the auditors	Section 6.3 page 313

Annual management report	Universal registration document
1. Information on the company's activity	
• Presentation of the activity (in particular the progress made and difficulties encountered) and the results of the company, each subsidiary and the group	Sections 1.3 page 9, section 1.5 page 12, section 1.6 page 17 and section 1.7 page 18
• Analysis of business developments, results, financial situation and in particular the debt of the company and the group	Section 5.1 page 173 and section 5.2 page 181
• Foreseeable development of the company and/or group	Section 5.3.7 page 301
• Key financial and non-financial indicators of the company and the group	Chapter 5 page 173
• Post-closing events of the company and the group	Section 5.3.1 page 186 and section 5.3.3 page 263
• Guidance on the use of financial instruments including financial risks and the price, credit, liquidity and treasury risks of the company and the group	Section 5.3.1 page 186
• Main risks and uncertainties of the company and the group	Chapter 2 page 55
• Information on company and group R&D	Section 1.10 page 21 and section 5.1.1 page 173
2. Legal, financial and tax information of the company	
• Main characteristics of internal control and risk management procedures relating to the preparation and processing of financial and accounting information	Section 5.4 page 307
• Distribution and evolution of shareholding	Chapter 4 page 153
• Name of controlled companies participating in self-control of the company and share of capital they hold	NA
• Significant equity investments during the year in companies with their head office on French territory	NA

Annual management report	Universal registration document
• Notice of holding more than 10% of the capital of another joint stock company; alienation of cross-shareholdings	NA
• Acquisition and sale by the company of its own shares (share buyback)	Section 4.6.4 page 163
• Status of employee participation in share capital	Section 3.3 page 146
• Mention of possible adjustments:	NA
◦ for securities giving access to capital and stock options in the event of share buybacks	
◦ for securities giving access to capital in the event of financial transactions	
• Amounts of dividends which were distributed for the three previous financial years	Section 5.3.9.2.1 page 302
• Amount of non-tax deductible expenses and charges	Section 5.3.9.4 page 302
• Payment deadline and breakdown of the balance of supplier and customer debts by due date	Section 5.3.9.5 page 302
• Injunctions or monetary penalties for anti-competitive practices	NA
3. Information relating to corporate officers	
• In the event of granting stock options, mention of the information according to which the Board of Directors made the decision:	Section 3.1.2.2.1 page 123
◦ either to prohibit executive officers from exercising their options before ceasing their functions;	
◦ or to require them to keep in registered form until the end of their functions all or part of the shares resulting from options already exercised (specifying the fraction thus fixed)	
• Summary statement of transactions by executive officers and related persons in the Company's securities	Section 4.6.5 page 164
• In the event of allocation of free shares, mention of the information according to which the Board of Directors took the decision:	Section 3.1.2.2.1 page 123
• either to prohibit executive officers from transferring the shares allocated to them free of charge before the end of their duties;	
• or to set the quantity of these shares that they are required to keep in registered form until the cessation of their functions (specifying the fraction thus set)	
Company DPEF information	
• Taking into account the social and environmental consequences of the activity and societal commitments in favor of sustainable development and in favor of the fight against discrimination and the promotion of diversity	Chapter 1.13 page 25
• Information on hazardous activities	NA
• Indication of the financial risks linked to the effects of climate change and presentation of the measures the Company is taking to reduce them by implementing a low-carbon strategy in all components of its activity	Section 1.13.2 page 29

Diagnostic of extra-financial performance	Universal registration document
1. Employment • Total workforce and distribution of employees by gender, age and geographic area • Hirings and dismissals • Remuneration and development • Absenteeism	Sections 1.13.1.1 page 25
2. Organization of work • Organization of working time	Section 1.13.1.2 page 27
3. Social relationships • Organization of social dialogue, procedures for information and consultation of staff and negotiation with them • Assessment of collective agreements	Section 1.13.1.3 page 27
4. Health and safety • Health and safety conditions at work • Review of agreements signed with trade union organizations or staff representatives regarding health and safety at work • Work accidents (frequency and severity) and occupational diseases	Section 1.13.1.4 page 28
5. Training • Policies implemented in terms of training • Total number of training hours	Section 1.13.1.5 page 28
6. Equal treatment • Measures taken to promote equality between women and men • Measures taken to promote the employment and integration of disabled people • Anti-discrimination policy	Section 1.13.1.6 page 28
7. Promotion and compliance with the stipulations of the fundamental conventions of the International Labor Organization relating	Section 1.13.1.7 page 29
8. General environmental policy • Organization of the company to take into account environmental issues and, where applicable, environmental assessment or certification procedures • Training and information actions for employees carried out in terms of environmental protection • Resources devoted to the prevention of environmental risks and pollution • Amount of provisions and guarantees for environmental risks, provided that this information is not likely to cause serious harm to the company in an ongoing dispute	Section 1.13.2 page 29
9. Pollution • Measures to prevent, reduce or repair releases into air, water and soil seriously affecting the environment • Taking into account noise pollution and any other form of pollution specific to an activity	Section 1.13.2 page 29

Diagnostic of extra-financial performance	Universal registration document
10. Circular economy • Measures for prevention, recycling, reuse, other forms of recovery and elimination of waste • Actions to combat food waste • Water consumption and water supply according to local constraints • Consumption of raw materials and measures taken to improve efficiency in their use • Energy consumption, measures taken to improve energy efficiency and use of renewable energy • Land use	Section 1.13.2 page 29
11. Climate change • Significant items of greenhouse gas emissions generated as a result of the company's activity, in particular through the use of the goods and services it produces • Adaptation to the consequences of climate change	Section 1.13.2 page 29
12. Protection of biodiversity • Measures taken to preserve or develop biodiversity	Section 1.13.2 page 29
13. Information relating to societal commitments in favor of sustainable development • Territorial, economic and social impact of the company's activity in terms of employment and regional development, and on neighboring or local populations • Relations maintained with people or organizations interested in the company's activity, in particular integration associations, educational establishments, environmental defence associations, consumer associations and local populations • Subcontracting and suppliers: consideration of social and environmental issues in the purchasing policy; importance of subcontracting and taking into account in relations with suppliers and subcontractors their social and environmental responsibility • Fair practices: actions taken to prevent corruption; measures taken to promote consumer health and safety	Section 1.13.3 page 30
14. Other actions undertaken in favor of human rights	NA

GLOSSARY

ANSM: the *Agence Nationale de Sécurité du Médicament et des Produits de Santé* (French National Agency for the Safety of Medicines and Health Products) is a French public body responsible for assessing the health risks posed by medicines and issuing marketing authorisations for them. It is the sole regulatory authority for biomedical research.

AMM: *Autorisation de Mise sur le Marché* (Marketing Authorisation) is the agreement given to a holder of the exploitation rights for an industrially manufactured drug so that it can be marketed.

ANR (L'*Agence Nationale de la Recherche*) is a funding agency for public and private research projects, in the form of research contracts.

GCP (Good Clinical Practices): a set of internationally recognised ethical and scientific quality requirements that must be respected in the planning, implementation, conduct, monitoring, quality control, auditing, data collection, analysis and expression of the results of biomedical research involving medicinal products for human use.

BPF or GMP (Bonnes Pratiques de Fabrication or Good Manufacturing Practice): A set of mandatory standards governing the manufacture of industrial medicines, to ensure the pharmaceutical quality of medicines and patient safety.

BLA (Biologics License Application): A Biologics License Application is a request for authorisation to introduce a biological product into commerce in the United States.

DSMB (Data Safety Monitoring Board): committee of independent experts responsible for monitoring the conduct of a clinical trial.

EMA (European Medicine Agency) is a European Union body based in London which coordinates the assessment and supervision of the development of new medicines in the European Union.

The FDA (Food and Drug Administration) is the US government agency responsible for food safety and for monitoring and regulating medicines. In particular, it is responsible for assessing the safety and efficacy of medicines before they are approved for marketing in the United States.

IND (Investigational New Drug Application) is a request to the FDA for authorisation to administer an experimental drug or biological product to humans in the United States.

Orphan disease: orphan diseases are diseases for which there is no effective treatment; the treatments proposed for these diseases are limited to reducing the symptoms. Orphan diseases are often rare diseases, i.e. diseases with a low prevalence, even though there are diseases with a high prevalence for which there is no treatment (such as Alzheimer's disease, which is orphan without being rare).

ODD (Orphan Drug Designation): Legislation adopted to promote the research and marketing of products to treat rare diseases. Laboratories eligible for this status benefit from ten years' market exclusivity, as well as scientific and financial incentives and administrative support for product development in these indications.

Phage: Bacteriophages, or phages, are viruses found throughout the biosphere that have the unique ability to infect only bacteria. Their therapeutic use is based on their ability to lyse bacteria. Bacteriophages could thus represent a complementary approach to antibiotic therapy for treating patients with antibiotic resistance.

Phase 1: Clinical trials in healthy volunteers. They have 2 objectives: to ensure that toxicity in humans is comparable to that tested in animals during the preclinical phase, and to analyze the fate of the drug in the body (pharmacokinetics).

Phase 2: In this phase, the optimal dose of the drug in terms of efficacy is determined. These trials are carried out on a small, homogeneous group of around a hundred patients.

Phase 2/3: Study combining a Phase 2 and a Phase 3, evaluating both efficacy and the overall benefit-risk ratio.

Phase 3: This phase involves a large group of patients, and consists of comparing the drug under development to another proven drug or to a placebo (a drug with no therapeutic activity). The aim is to demonstrate efficacy and assess the efficacy/tolerance ratio.

PHAXIAM Therapeutics
A French Société anonyme with a
share capital of 6,075,105 euros
60 avenue Rockefeller 69008 Lyon
479 560 013 RCS Lyon