

PHAXIAM THERAPEUTICS

A French limited company (*Société anonyme*) with share capital of € 6,075,105

Registered office: 60 Avenue Rockefeller, 69008 Lyon

Lyon Trade and Companies Register 479 560 013 RCS

(the “Company”)

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

Pursuant to the provisions of Article L.225-197-4, paragraph 1 of the French Commercial Code, this report presents information relating to the free share allocations made under the authority granted to the Board of Directors by the General Meeting of Shareholders of 23 June 2023 (the **General Meeting**) during the year ended 31 December 2023.

In its 36th resolution, the General Meeting authorized the Board of Directors, in accordance with Articles L. 225-197-1 et seq. and L. 22-10-59 et seq. et seq. of the French Commercial Code, the Board of Directors to allocate free existing or new ordinary shares in the Company, on one or more occasions and on such terms as it shall determine, within the limits set by this authorization, to employees of the Company or of French or foreign companies or groupings affiliated to it within the meaning of Article L. 225-197-2 of the French Commercial Code, or officers of the Company or of companies or groupings affiliated to it who meet the conditions set out in Article L. 225-197-1 II of said Code, or certain categories of them.

I. AGA2023-I Plan

On September 21, 2023, the Board of Directors approved and adopted in all its provisions the draft regulations for the 2023 free share allocation plan (the “AGA2023-I Plan”), the main characteristics of which are listed below.

Allocation of 27,565 free shares on September 21, 2023

The Board of Directors on September 21, 2023, allocated 27,565 free shares to Didier Hoch, Chairman of the Board of Directors and Thibaut du Fayet, Chief Executive Officers and set the conditions of attribution as follows:

Acquisition periods: The Shares allocated free of charge will be definitively acquired by the Beneficiaries at the end of the Acquisition Period corresponding to the expiration of a period of one (1) year following the Allocation Date (such as defined in the Regulations).

Retention period: At the end of the Acquisition Period (as defined in the Regulations), the Beneficiary will then become the owner of the Shares allocated and therefore shareholder of the Company. However, at the end of the Acquisition Period the Beneficiary will be required to retain the Shares for a period of one (1) year from the Acquisition Date.

II. AGA2023-II Plan

On November 14, 2023, the Board of Directors approved and adopted in all its provisions the draft regulations for the 2023 free share allocation plan (the “AGA2021-II Plan”), the main characteristics of which are listed below.

The Shares will be definitively allocated to the beneficiaries provided that they are still corporate officers or employees of the Company or an affiliated company at the end of each vesting period, as indicated in more detail in the AGA_{2023-II} Plan. The number of shares which will be definitively allocated will be determined based on the achievement of a performance objective based on the achievement of operational results for 50% of the Shares Allotted under the Tranche concerned as described more precisely in the AGA_{2023-II} Plan. The remaining 50% of the Shares will be allocated automatically without performance conditions.

Allocation of 163,200 free shares on November 14, 2023

The Board of Directors on November 14, 2023 and as part of the AGA_{2023-II} Plan, allocated 163,200 free shares to employees and managers (including 20,000 AGA_{2023-II} to Thibaut du Fayet, Chief Executive Officer, 15,000 AGA_{2023-II} to Eric Soyer, Deputy Chief Executive Officer and 10,000 AGA_{2023-II} to Didier Hoch, Chairman of the Board of Directors and Jérôme Bailly, Deputy Chief Executive Officer) and determined the identity of the beneficiaries and the number of ordinary shares attributed to each of them.

The Board of Directors has decided to allocate the following number of shares to the Beneficiaries in several tranches:

- Tranche 1: 50% of the Shares allocated;
- Tranche 2: 25% of the Shares allocated, increased by the total number of Shares not definitively allocated to the Beneficiaries under Tranche 1; And
- Tranche 3: 25% of the Shares allocated, increased by the total number of Shares not definitively allocated to the Beneficiaries under Tranches 1 and 2.

The Board of Directors has set the conditions of allocation as follows:

Vesting periods: The Initial Allocation as defined in the AGA_{2023-II} Plan will not become definitive:

- for Shares allocated under Tranche 1, only at the end of a Vesting Period of twelve (12) months from the initial Allocation decision;
- for Shares allocated under Tranche 2, only at the end of a Vesting Period of eighteen (18) months from the Initial Allocation decision;
- for Shares allocated under Tranche 3, only at the end of a Vesting Period of twenty-four (24) months from the Initial Allocation decision.

Retention period: As from the Final Allocation of the Shares, the Beneficiary must retain all the Shares definitively allocated under Tranche 1 for a Retention Period of one (1) year and all the Shares definitively allocated under Tranche 2 for a Retention Period of six (6) months. No Retention Period is required for the Shares definitively allotted under Tranche 3.

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

Finally, we present to you the number and value of shares which have been allocated by our Company during the financial year ended December 31, 2023 to each of the ten employees of our Company, who are not corporate officers (for confidentiality reasons and to respect the right of individuals to protection of their personal data, we have not stated the identity of the

employees) and who have been allocated the highest number of free shares under the AGA_{2023-II} Plan:

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

The total number of beneficiaries is 47 individuals, of which 4 are executive officers.

In accordance with the law and the decision of the General Meeting, these new shares will not be definitively allocated to the above-mentioned persons until the expiry of the vesting period, set at one year for Tranche 1 and eighteen months for Tranche 2. At the end of this period, Tranche 1 free shares must be held by their beneficiaries for a period of one year and Tranche 2 free shares for a period of six (6) months.

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

In the event of the death or disability of a beneficiary, the following provisions will apply to the AGA_{2023-I} Plan and the AGA_{2023-II} Plan.

In the event of the death of the Beneficiary during the Acquisition Period, the heirs of the Beneficiary may request the Final Allocation within six (6) months of the death. In the event of Incapacity before the end of the Acquisition Period, the Shares will be definitively acquired by the Beneficiary from the event which caused the Incapacity.

Similarly, the retention period for the shares allocated free of charge, as defined above, will be waived and the shares definitively allocated will be freely transferable, in compliance with the provisions of the Company's Bylaws and the regulations applicable to companies whose shares are admitted to trading on a regulated market, in the event of :

- Incapacity of the Beneficiary under the conditions set out in Article L. 225-197-1, I paragraph 6 of the French Commercial Code, or
- the death of the Beneficiary, by the Beneficiary's heirs in application of article L. 225-197-3, para. 2 of the same Code.

The Board of Directors