

ERYTECH Pharma

A limited liability company (*société anonyme*) with a share capital of €3,412,029.80

Registered office: 60, avenue Rockefeller – 69008 Lyon

Lyon Trade and Companies Register No. 479 560 013 Lyon

(the “Company”)

ADDITIONAL REPORT OF THE BOARD OF DIRECTORS AS OF 15 MAY 2023 FOLLOWING THE IMPLEMENTATION BY THE BOARD OF DIRECTORS OF THE DELEGATION GRANTED BY THE COMBINED SHAREHOLDER’S MEETING OF JUNE 24, 2022

The Board of Directors has decided to implement the delegation granted in its twenty-ninth resolution by the Company's combined general shareholders' meeting held on June 24, 2022 (the "AGM") and decided on the principle of a capital increase to remunerate contributions in kind made to the Company, with preferential subscription rights waived.

This report has been prepared in accordance with Articles L225-129-5 and R. 225-116 of the French Commercial Code following the use of this delegation by the Board of Directors on May 15, 2023 and describes the final terms and conditions of the transaction and provides an assessment of the effective impact of the transaction on the situation of the Company's shareholders. The impact of the issue on the share of shareholders' equity and on the position of shareholders is set out in Appendix 1.

1. Delegation of the AGM to the Board of Directors dated June 24, 2022

The Board of Directors notes that the AGM, in its twenty-ninth resolution, granted the Company's Board of Directors a 26-month authorization to increase the Company's capital by issuing ordinary shares or securities giving access to the Company's capital, without preemptive subscription rights for existing shareholders, in consideration for contributions in kind made to the Company in the form of shares and/or securities giving access to the Company's capital (the "**Twenty-ninth Resolution**").

The Board of Directors indicates that, under the terms of the Twenty-ninth Resolution, the AGM decided in particular that :

« The General Shareholders’ Meeting, voting under the rules of quorum and majority required for Extraordinary Shareholders’ Meetings, having reviewed the Board of Directors’ Report and the Statutory Auditors’ special report, and ruling in accordance with Articles L.225-147, L.22-10-53 and Articles L. 228-91 et seq. of the French Commercial Code [...] delegates to the Board of Directors the authority to issue common shares of the Company or marketable convertible to common shares to be issued immediately or in the future by the Company to pay for contributions in kind granted to the Company and consisting of shares of the Company’s stock and/or marketable securities convertible into shares where the provisions of Article L. 22-10-54 are not applicable, and to decide to eliminate the shareholder preferential subscription rights of the common shares and marketable securities thus issued for those holding securities or marketable securities, the subject of the contribution in kind, as and when necessary, based on the report on capital contributions of the auditor(s) mentioned in paragraph 1 and 2 of Article L.225-147 mentioned above, within the terms and conditions set forth in the 21st resolution

above, for a 26-month period starting from the day of this General Shareholders' Meeting.

The maximum nominal amount of the immediate or future capital increase resulting from all of the issues carried out under this delegation is set at 10% of the Company's capital (existing on the date of this General Shareholders' Meeting), provided that (i) a portion of this ceiling is deducted from the EUR 3,000,000 ceiling defined in the 22nd resolution, and that (ii) the total nominal amount of capital increases likely to result from this resolution, as well as the 21st to 29th resolutions submitted to this General Shareholders' Meeting, may not exceed the total ceiling of EUR 3,000,000 set forth in the 21st resolution.

The maximum nominal value of such debt securities may not exceed EUR 150,000,000 or the equivalent of that amount on the date of the decision to issue, it being understood that (i) such amount does not include redemption premiums above par, if any, and that (ii) it is an overall ceiling covering all debt securities that may be issued under the 21st to 29th resolutions submitted to this General Shareholders' Meeting, and that, consequently, the par value of the debt securities liable to be issued pursuant to the above resolutions may not be greater than that ceiling. This ceiling is independent from the debt securities whose issue would be decided on or authorized by the Board of Directors in accordance with Article L. 228-40 of the French Commercial Code.

The General Shareholders' Meeting duly notes that this delegation includes the shareholders' waiver of their preemptive rights to subscribe for common shares to which the marketable securities issued on the basis of this delegation may entitle them.

The Board of Directors shall have full authority to implement this resolution, in particular to:

- decide on the assessment of contributions and any potential grants of special benefits, based on the capital contributions auditor(s) report mentioned in paragraph 1 and 2 of Article L.225-147 of the French commercial code mentioned above;
- approve the list of capital securities or marketable securities contributed to the exchange, determine the parity ratios as well as the amount of the cash bonus to be paid, where applicable;
- approve the number of securities to be issued in compensation for the contributions as well as the entitlement date of shares to be issued, which may potentially be retroactive, and marketable securities to be issued providing immediate or future access to existing shares or shares to be issued by the Company, where applicable;
- charge the fees and expenses incurred by the issues to the amount of corresponding premiums and deduct the amount necessary from this amount to increase the legal reserve to one-tenth of share capital;
- record the final completion of the capital increases carried out under this delegation, make any corresponding amendments to the articles of incorporation, carry out any formalities and declarations and require any authorizations that may prove necessary in order to complete these contributions.»

2. Decision of the Board of Directors dated May 15, 2023

Under the proposed merger between the Company, as the absorbing company, and Pherecydes Pharma, a *société anonyme* with share capital of 7,939,179 euros, having its registered office at 22 boulevard Benoni Goullin, 44200 Nantes, and registered with the Nantes Trade and Companies Register under number 493 252 266 ("Pherecydes") (the "Merger"), the Company approved on May 5, 2023, pursuant to the delegation of authority granted by the

Extraordinary General Meeting of the Company's shareholders of June 24, 2022 (29th resolution), the contribution by certain Pherecydes shareholders, namely:

- Elaia Partners (acting on behalf of Auriga IV Bioseeds) ;
- Go Capital (acting on behalf of FCPI Ouest Ventures III) ; and
- a pool of shareholders represented by Mr Guy Rigaud

(together the "**Contributors**"),

827,132 ordinary shares of Pherecydes (the "Contributed Shares") in consideration for 3,101,745 newly-issued ordinary shares of the Company (the "Contribution") at the same exchange ratio as the Merger, i.e. fifteen (15) shares of the Company issued for the contribution of four (4) Pherecydes shares.

On May 15, 2023, the Board of Directors accordingly :

- **approved** in its entirety the contribution of full ownership and rights of 827,132 ordinary shares held by the Contributors in Pherecydes to the Company under the terms of the Contribution agreement;
- **acknowledged** that, pursuant to Article 8.1 of the Contribution agreement, the completion of the Contribution in kind of the Contributed Shares by each of the Contributors is subject to the satisfaction of the following conditions precedent (the "**Conditions Precedent**"):
 - (a) the absence of opposition from Pherecydes's board of directors to the completion of the Contribution in Kind under the conditions stipulated in the memorandum of understanding entered into between the Company and Pherecydes on February 15, 2023;
 - (b) the authorization and approval by the Board of Directors of the Contribution in Kind to the Company of the Contributed Shares and the issuance by the Company of New Shares to the Contributors; and
 - (c) the delivery by the Commissaire aux Apports of a report on the valuation of the Contributed Shares and on the amount of the resulting capital increase and the registration of such report with the Lyon Commercial Court at least (8) days before this date, in accordance with applicable French law,
- **noted** the absence of opposition from the Board of Directors of Pherecydes to the completion of the Contribution in Kind;
- **noted** that the Board of Directors, at its meeting of May 5, 2023, approved and authorized the signature of the Contribution agreement;
- **noted** that the Commissaire aux Apports filed his final report with the Commercial Court of Lyon on May 5, 2023, i.e. ten (10) days prior to the date hereof; and
- **noted** that the Conditions Precedent have been fulfilled and, consequently, the

completion of the Contribution in Kind.

After deliberation, the Board of Directors, having reviewed the terms and conditions of the Contribution in Kind and the Contribution agreement, by a unanimous vote of the members of the Board of Directors taking part in the vote :

- **decided** to increase the Company's share capital by a nominal amount of 310,174.50 euros through the issue of 3,101,745 new ordinary shares (the "New Shares") with a par value of 0.10 each;
- **decided** that the New Shares (i) will be fully and immediately assimilated to the existing shares of the Company, (ii) shall enjoy the same rights and bear the same expenses, (iii) shall be subject to all the provisions of the Company's bylaws and to the general meetings of the Company's shareholders and (iv) be freely negotiable;
- **noted** that the New Shares will be admitted to trading on Euronext Paris on the same line as the existing shares (ISIN code FR0011471135) within two (2) business days following the acknowledgement of the increase in the Company's capital;
- **decided** that the difference between the value of the Contributed Shares and the nominal amount of capital increase resulting from the issuance of the New Shares, i.e. an amount of €1,583,957.50, shall be recorded in the accounts of the Company as a contribution premium;
- **authorized**, if necessary, the charging of all expenses and fees relating to the Contribution in Kind to this contribution premium; and
- **acknowledged**, as a result, that the share capital of the Company now amounts to €3,412,029.80, divided into 34,120,298 ordinary shares with a nominal value of ten-euro cents (€ 0.10) each.

In accordance with applicable laws and regulations, this report is immediately made available to shareholders at the Company's registered office and brought to their attention at the next shareholders' meeting.

The Board of Directors

APPENDIX 1

Impact of the issue on holders of equity securities and securities giving access to the capital

The following table sets out the impact of the capital increase on the situation of holders of shares and securities giving access to the Company's capital.

INCIDENCE TABLES

Impact of the issue on the Company's equity per share

The impact of the issue on the Company's equity per share (calculated on the basis of shareholders' equity at December 31, 2022¹ and the number of Company shares at December 31, 2022, excluding treasury shares) is as follows:

	Equity per share (in euros)	
	Non-diluted basis	Diluted basis ⁽¹⁾
Before issue of new shares from the capital increase	€0,78	€1,71
After issue of the 3,101,745 new shares resulting from the capital increase ⁽²⁾	€0,77	€1,63

⁽¹⁾ Calculations assume that all stock warrants, BSCPEs and stock options will be exercised, and that all free shares granted will vest.

⁽²⁾ This calculation considers the total amount of the issue.

Impact of the issue on shareholders' situation

The impact of the issue on the shareholding of a shareholder holding 1% of the Company's share capital prior to the issue and not subscribing to it (calculated on the basis of shareholders' equity at December 31, 2022 and the number of Company shares at December 31, 2022, excluding treasury shares) is as follows:

	Percentage of capital	
	Non-diluted basis	Diluted basis ⁽¹⁾
Before issue of new shares from the capital increase	1,000 %	0,805 %
After issue of the 3,101,745 new shares resulting from the capital increase ⁽²⁾	0,909 %	0,745 %

⁽¹⁾ Calculations assume that all stock warrants, BSCPEs and stock options will be exercised, and that all free shares granted will vest.

Theoretical impact of the issue on current market value

The theoretical impact of the issue on the current market value of the Company's shares, based on the average of the last twenty trading days prior to the Board of Directors' meeting called to approve the terms of this report, is as follows:

	Current market value (in euros)	
	Non-diluted basis	Diluted basis ⁽¹⁾
Before issue of new shares from the capital increase	€0,86	€1,77
After issue of the 3,101,745 new shares resulting from the capital increase ⁽²⁾	€0,84	€1,68

⁽¹⁾ Calculations are based on the assumption that all stock warrants, BSCPEs and stock options will be exercised, and that all free shares granted will vest.