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ERYTECH PHARMA S.A.

Share capital: €1,794,003.50

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**Statutory Auditors' special report on
regulated agreements and commitments**

Shareholders' Meeting held to approve the financial
statements for the year ended December 31, 2019



To the Annual Shareholders' Meeting of Erytech Pharma S.A.,

As your Company's Statutory Auditors, we hereby report on the regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms, conditions of those agreements and commitments, as well as the reasons justifying their interest for the company, brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code (Code de commerce) relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying the concordance of the information provided to us with the relevant source documents.

REGULATED AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized and concluded during the year

In application of Article R.225-40 of the Commercial Code (Code de commerce), we have been advised of the following regulated agreements and commitments authorized and concluded during the year which had received prior authorization from your Board of Directors.

a - Employment contract with Erytech Pharma Inc:

Related person:

Mr. Gil Beyen, Chief Executive Officer.

Nature and purpose:

Employment contract with Erytech Pharma Inc, authorized by the Board of Directors on May 3, 2019.

Financial terms:

The gross annual remuneration of Mr. Gil Beyen relating to this employment contract is set at USD.340,000, or €303,000.

Benefit of this agreement:

Building the loyalty and motivation of your company's management team.



b - Severance pay:

Related person:

Mr. Gil Beyen, Chief Executive Officer.

Nature and purpose:

Severance pay, authorized by the Board of Directors on March 8, 2019, following prior authorization by the Board of Directors on May 24, 2013.

In the event of:

- expiration of a term of office (except where renewal has been refused by the interested party),
- dismissal (except for dismissal due to serious misconduct or gross negligence as this term is understood with respect to the case law of the Labor Division of the Court of Cassation),

Mr. Gil Beyen may claim an indemnity equal to

- twelve times his average monthly remuneration (bonuses included) effectively received during the twelve months prior to the revocation decision or expiration of his term of office, or
- the fixed annual remuneration set up by the Board of Directors, in the event of revocation within the 12 months following the appointment of Mr. Gil Beyen.

Payment of this indemnity is subject to the following performance conditions being met:

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

This indemnity will still be paid by the company in the event of term expiry or elimination of Mr. Gil Beyen's position.

This indemnity will be also paid by Erytech Pharma Inc, in the event of term expiry or elimination of Mr. Gil Beyen's position within Erytech Pharma Inc (for the proportion of the remuneration paid by Erytech Pharma Inc).

Financial terms:

No expense was booked in this respect by the company for the 2019 financial year.

Benefit of this agreement:

Building the loyalty and motivation of your company's management team.

c - Severance pay in the event of a change in control:

Related person:

Mr. Gil Beyen, Chief Executive Officer.

Nature and purpose:

Severance pay in the event of a change in control authorized by the Board of Directors on March 8, 2019, following prior authorization by the Board of Directors on August 31, 2015.



Mr. Gil Beyen will receive a lump-sum severance equal to 12 times the average monthly compensation (variable compensation included) effectively received over the course of the 12 months preceding his departure, if in the 12 months following the change in control of your company by the acquisition of more than 50% of the voting rights, Mr. Gil Beyen:

- is dismissed, (except for serious misconduct or gross negligence as this term is understood with respect to the case law of the Labor Division of the Court of Cassation);
- resigns, provided that such resignation is the result of a demotion by the Company, its acquirer or by one of its subsidiaries or a refusal to accept a proposal for a position with less responsibility and/or lower remuneration compared to the position held before the change in control.

Payment of this indemnity would be subject to the recognition of the same performance conditions as those requiring the payment of severance pay authorized by the Board of Directors on 24 May 2013, namely:

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

This indemnity will still be paid by the company in the event of term expiry or elimination of Mr. Gil Beyen's position.

This indemnity will be also paid by Erytech Pharma Inc, in the event of term expiry or elimination of Mr. Gil Beyen's position within Erytech Pharma Inc (for the proportion of the remuneration paid by Erytech Pharma Inc).

Financial terms:

No expense was booked in this respect by the company for the 2019 financial year.

Benefit of this agreement:

Building the loyalty and motivation of your company's management team.

d - Specific indemnity paid in the event of a change of control within two years of the grant of free shares:

Related person:

Mr. Gil Beyen, Chief Executive Officer.

Nature and purpose:

Specific indemnity in the event of a change of control within two years of the granting of free shares to Mr. Gil Beyen, authorized by the Board of Directors on March 8, 2019.

This indemnity was set up in order to compensate, in the event of a merger acquisition occurring within 24 months of the allocation of the free shares, any loss of remuneration in the event of cancellation of the allocated free shares or due to the loss of a preferential tax treatment on the sale of these shares.

If, within twenty-four months of the award of Company free shares to Mr. Gil BEYEN, an operation is conducted whereby at least fifty per cent of the Company's voting rights fall into



the hands of a single person or a group of persons acting in concert (“Change of Control”), and where:

- (i) free shares granted to Mr. Beyen were to be canceled under the Change of Control, Mr. Beyen would, in consideration of the cancellation of said free shares, be awarded a lump-sum compensation, the amount of which would be determined so that the net amount after deduction of contributions on wages and income tax (at a fixed rate of 35%) is equal to the net amount after deduction of social security contributions on wages and income tax (at a fixed rate of 35%) that Mr. Beyen would have received if he had sold said free shares on the date of the Change of Control and benefited from the related social security regime and tax treatment applicable to capital gains on shares;
and where
- (ii) free shares awarded to Mr. Beyen were to be sold under the Change of Control, the Company shall pay Mr. Beyen a lump-sum compensation, the amount of which shall be equal to the difference between the amount net of income tax that Mr. Beyen would have received had he benefited, on the date of the sale of said shares, from the more favorable social security regime and tax treatment and the amount net of income tax actually received by Mr. Beyen on the sale of said free shares (assuming an effective income tax rate of 35%).

Financial terms:

No expense was booked in this respect for the 2019 financial year.

Benefit of this agreement:

Building the loyalty and motivation of your company's management team.

e – 401(k) retirement plan:

Related person:

Mr. Gil Beyen, Chief Executive Officer.

Nature and purpose:

The contribution of your subsidiary Erytech Pharma Inc to the 401(k) retirement plan is 3% of the gross remuneration of Mr. Gil Beyen and was authorized by the Board of Directors on March 8, 2019.

Financial terms:

The expense recorded for the year 2019 is €7,252.

Benefit of this agreement:

Building the loyalty and motivation of your company's management team.

f - Benefits and expenses

Related person:

Mr. Gil Beyen, Chief Executive Officer



Nature and purpose:

The Board of Directors, on March 8, 2019, authorized the company to bear the cost of certain services and expenses benefiting Mr. Gil Beyen, as shown in the table below, expressed in euros.

Financial terms:

Expenses recorded in the 2019 financial year	Gil BEYEN
Traditional professional health insurance APGIS (PRC)	2 455
Additional health insurance (VIVENS)	1 264
Additional pension plan (AXA)	8 104

Benefit of this agreement:

Building the loyalty and motivation of your company's management team.

g – Other benefits

Related person:

Mr. Gil Beyen, Chief Executive Officer

Nature and purpose:

The Supervisory Board, on March 8, 2019, authorized Erytech Pharma Inc to cover some of the cost of the contributions to the Medical, Dental, and Short-Term Disabilities, Long-Term Disabilities, Life, Accidental Death and Dismemberment, Travel Accident, Travel Assist, and Vision insurance policy.

Financial terms:

The expense for the year 2019 is USD.13,688 (€12,255).

Benefit of this agreement:

Building the loyalty and motivation of your company's management team.



Agreements and commitments not previously authorized

In application of Article R.225-42 of the Commercial Code (Code de commerce), we have been advised of the following regulated agreement and commitments which did not receive prior authorization from your Board of Directors.

Our role is also to state the reasons why the authorization procedure was not followed.

a – Remuneration

Related person:

Mr. Eric Soyer, Deputy Chief Executive Officer.

Nature and purpose:

Fixed gross monthly remuneration in the context of Eric Soyer's employment contract, starting on January 1, 2019.

Financial terms:

The gross annual remuneration of Mr. Eric Soyer for the year 2019 was €323,498.

Reason why the authorization procedure was not followed:

The authorization procedure was not followed as Mr. Eric Soyer was not Deputy Chief Executive Officer when the amendment to his employment contract was signed.

REGULATED AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Regulated agreements and commitments authorized in previous financial years which remained in force during the 2019 financial year

In application of Article R.225-30 of the Commercial Code (Code de commerce), we were informed that the execution of the following agreements and commitments, already approved by the Shareholders' Meeting during previous financial years, remained in force for the 2019 financial year.

a - Indemnification agreements

Related persons:

Mr. Gil Beyen, Chief Executive Officer,

Mr. Jérôme Bailly, Deputy Chief Executive Officer,

Mr. Philippe Archinard, Director,

Mrs. Martine George, Director,

Mr. Luc Dochez, Director,



Mrs. Hilde Windels, representing BVBA, Director,
Mr. Sven Andreasson, representing Galenos Sprl, Director,
Mrs. Allene Diaz, Director.

Nature and purpose:

Indemnification agreement authorized by the Board of Directors on November 6, 2017.

The contract provides Directors and Officers with indemnification against liabilities and advancement of expenses in connection with any matters that arise out of their service to the company.

Financial terms:

No expense was booked in this respect by the company for the 2019 financial year.
The agreement with Mrs. Allene Diaz was terminated during 2019.

b - Directors and Officers liability insurance policy (D&O)

Related persons:

Mr. Gil Beyen, Chief Executive Officer,
Mr. Jérôme Bailly, Deputy Chief Executive Officer,
Mr. Philippe Archinard, Director,
Mrs. Martine George, Director,
Mr. Luc Dochez, Director,
Mrs. Hilde Windels, representing BVBA, Director,
Mr. Sven Andreasson, representing Galenos Sprl, Director,
Mrs. Allene Diaz, Director,
Mr. Jean-Paul Kress, Director.

Nature and purpose:

The company subscribed a Directors & Officers (D&O) liability insurance policy starting October 23, 2017 with the insurance company AON (lead company), as authorized by the Board of Directors on September 7, 2017. This contract was renegotiated during the year 2018.

Financial terms:

The total expense for the year 2019 is €579,760. This amount is the total amount of the insurance policy for the year and cannot be divided between Directors and Officers.
The agreement with Mrs. Allene Diaz was terminated during 2019.



Regulated agreements and commitments authorized in previous financial years with no effects during the 2019 financial year

We were also informed that the following agreements and commitments, already approved by the Shareholders' Meeting during previous financial years, remained in force but produced no effects during the 2019 financial year.

a- Severance in the event of a change in control:

Related person:

Mr. Jérôme Bailly, Deputy Chief Executive Officer

Nature and purpose:

Severance in the event of a change in control authorized by the Board of Directors on August 31, 2015.

This severance is not cumulative with the other severance compensation agreement authorized by the Board of Directors on August 31, 2015.

Mr. Jérôme Bailly will receive a lump-sum severance equal to 12 times the average monthly compensation (variable compensation included) effectively received over the course of the 12 months preceding his departure, if in the 12 months following the change in control of your company by the acquisition of more than 50% of the voting rights, Mr. Bailly:

- is dismissed, except for serious misconduct or gross negligence,
- obtains a contractual dismissal, whether at the initiative of the company or the employee,
- resigns, provided that such resignation is the result of a demotion by the Company, its acquirer or by one of its subsidiaries or a refusal to accept a position with less responsibility and/or lower remuneration compared to the position held before the change in control.

Payment of this indemnity would be subject to the recognition of performance conditions, namely:

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

Financial terms:

No expense was booked in this respect by the company for the 2019 financial year.



b - Specific allowance paid in the event of a change of control within two years of the grant of free shares:

Related person:

Mr. Jérôme Bailly, Deputy Chief Executive Officer

Nature and purpose:

Specific indemnity in the event of a change of control within two years of the granting of free shares to Jérôme Bailly, authorized by the Board of Directors on November 2, 2016.

This indemnity was set up in order to compensate, in the event of a merger acquisition occurring within 24 months of the allocation of the free shares, any loss of remuneration in the event of cancellation of the allocated free shares or due to the loss of a preferential tax treatment on the sale of these shares.

Financial terms:

No cost for the 2019 financial year.

c- Severance pay:

Related person:

Mr. Jérôme Bailly, Deputy Chief Executive Officer

Nature and purpose:

Severance pay, authorized by the Board of Directors on August 31, 2015 in the event of dismissal for any reason whatsoever, except for gross negligence or gross negligence.

Mr. Jérôme Bailly may claim an indemnity equal to 6 times his average fixed monthly Remuneration, plus 3 months of fixed remuneration per year of seniority, with a maximum of 12 months fixed remuneration, unless the collective agreements are more favorable.

Payment of this indemnity is subject to the following performance conditions being met:

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

Financial terms:

No expense was booked in this respect by the company for the 2019 financial year.

d - Training agreement:

Related person:

Mr. Jérôme Bailly, Deputy Chief Executive Officer



Nature and purpose:

Training agreement for the benefit of Mr. Jérôme Bailly authorized by the annual general meeting on June 27, 2017.

Financial terms:

No expense was booked in this respect by the company for the 2019 financial year.

e - Benefits and expenses

Related person:

Mr. Jérôme Bailly, Deputy Chief Executive Officer.

Nature and purpose:

The Supervisory Board, on January 24, 2013, and the Board of Directors, on May 24, 2013, authorized the company to bear the cost of certain services and expenses benefiting to Mr. Jérôme Bailly, as shown in the table attached, expressed in euros.

Financial terms:

Expenses recorded in the 2018 financial year	Jérôme BAILLY
Traditional professional health insurance APGIS (PRC)	1 787
Additional health insurance (VIVENS)	1 264
Additional pension plan (AXA)	8 104

Regulated agreements and commitments authorized during the 2019 financial year

We were also informed of the following agreements and commitments, already approved by the Shareholders' Meeting on June 21, 2019, on the basis of the Statutory Auditors' special report dated March 28, 2019.

a – Remuneration

Related person:

Mr. Jérôme Bailly, Deputy Chief Executive Officer.

Nature and purpose:

Modification of the fixed gross monthly remuneration in the context of Jérôme Bailly's employment contract, starting on January 1, 2019. This agreement was authorized by your Board of Directors on January 6, 2019.

Financial terms:

The gross annual remuneration of Mr. Jérôme BAILLY for the year 2019 was €205,413.



b – Tax advisory

Related person:

Mr. Gil Beyen, Chief Executive Officer

Nature and purpose:

Modification of the amount of the tax advisory contract authorized by the Board of Directors on January 6, 2019. This contract was subscribed with the law firm Delsol for the benefit of Mr. Gil Beyen. The Board of Directors authorized this contract on June 24, 2016.

Financial terms:

The cost during the 2019 financial year is €1,500.

Agreements and commitments authorized and concluded subsequent to the close of the financial year

We have not been advised of regulated agreement and commitments authorized and concluded after the closing date.

REGULATED AGREEMENTS AND COMMITMENTS CONCLUDED IN PREVIOUS FINANCIAL YEARS NOT APPROVED BY THE SHAREHOLDERS' MEETING

We have not been advised of regulated agreement and commitments authorized and concluded in previous financial years not approved by the Shareholders' meeting.

French original signed by

The Statutory Auditors
Lyon and Paris, March 17, 2020

KPMG Audit
Department of KPMG S.A.

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Sara RIGHENZI DE VILLERS
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