Pherecydes Pharma publishes its half-year 2022 financial results and provides an update on its development plan

- **H1 2022 marked by the reaching of several key development milestones with anti-*Staphylococcus aureus* phages:**
  - **Start of the PhagoDAIR Phase II clinical study in the treatment of osteoarticular infections of hip and knee prostheses**
  - **Anti-*Staphylococcus aureus* phages made available for patients with no therapeutic solutions and unable to be enrolled in the PhagoDAIR study**
- **Success of the €3.1 million capital increase carried out in September 2022**

Nantes (France), October 27, 2022 – 5.45 pm CEST – **Pherecydes Pharma** (FR0011651694 - ALPHE), a biotechnology company specializing in precision phage therapy to treat resistant and/or complicated bacterial infections, today announces its financial results for the first half of the year to June 30, 2022 and assesses its activities and development prospects.

Didier Hoch, Chairman and CEO of Pherecydes Pharma, said: "*During the first half of this year, Pherecydes Pharma deployed its strategy focused on developing phage therapy in indications for which there is a substantial unmet medical need. The launch of our PhagoDAIR Phase II clinical study, targeting osteoarticular infections of prosthetic joints caused by Staphylococcus aureus (S. aureus) bacteria, is a major step in this respect. We are working to expand this study across Europe and are expecting the first clinical results by the end of 2023. The latter will be decisive for initiating a Phase III study on the same indication in 2024. At the same time, we are making these same phages available for patients with no therapeutic solutions and unable to be enrolled in the PhagoDAIR study thanks to the AAC early access program. Lastly, notably thanks to the funds raised in late September, we can meet our immediate financing requirements. We intend to continue this momentum by opening, in the coming months, additional European clinical centers for our PhagoDAIR study, by preparing the initiation of two other Phase II studies in indications with a substantial unmet medical need and by finalizing the preclinical development of our anti-*E. Coli *phages*".

Half-year 2022 results

Simplified income statement[1] (in euros)	H1 2022	H1 2021
Operating income	2,612,166	1,328,136
Operating expenses	4,852,978	3,257,063
Operating profit/loss	**- 2,240,812**	**- 1,928,927**
Financial result	- 31,035	- 3,909
Exceptional income	482,259	224,674
Research Tax Credit	732,187	254,244
Net profit/loss	**- 1,057,401**	**- 1,453,918**

In the first half of 2022, total operating income – essentially consisting of capitalized production associated with the *S. aureus* and *Pseudomonas aeruginosa (P. aeruginosa)* programs – was €2,608 thousand, compared with €1,328 thousand in the first half of 2021. This 97% increase reflects the progress made in these two strategic programs.

Operating expenses totaled €4,853 thousand in the first half of 2022, up 49% compared to €3,257 thousand recorded in the first half of 2021. This increase was essentially due to the R&D spending associated with the ramping up of the PhagoDAIR study and to personnel costs following the strengthening of the teams at the Romainville and Nantes sites.

The operating loss for the first half of 2022 was thus €2,241 thousand, versus a loss of €1,929 thousand a year earlier.

Exceptional income totaled €482 thousand in the first half of 2022, vs. €225 thousand in the same half of 2021, notably associated with the subsidies granted within the framework of the PhagEcoli program.

Once Research Tax Credit of €732 thousand is taken into account, the net loss for the first half of 2022 was €1,057 thousand, compared with a loss of €1,454 thousand in the first half of 2021.

Strengthened financial structure

At June 30, 2022, the Company had a cash position of €1,206 thousand, versus €5,357 thousand at December 31, 2021. Shareholders' equity was €6,505 thousand at June 30, 2022 vs. €9,228 thousand at December 31, 2021.

On September 22, 2022, Pherecydes Pharma successfully carried out a capital increase of €3.1 million, including €2.6 million from institutional and longstanding investors and €0.5 million from individual investors via the PrimaryBid platform. Given its current development plans, the Company estimates that that operation, combined with its current cash and cash equivalents, will allow the Company to finance the development of its activities through to the end of March 2023. The Company estimates

[1] *First-half accounts were approved by the Board on October 27, 2022. Limited review procedures relative to these accounts have been carried out.*

that the additional financing requirements to meet its cash needs for the next twelve months, i.e. until the end of October 2023, are €5-6 million.

Thus, in order to meet its cash requirements to finance its activities over the coming twelve months, the Company will have to begin searching for additional financing solutions of various types, notably an equity financing line or standard or bond debt, with third parties or its shareholders, but also possible subsidies and/or repayable advances specifically relating to the Company's research programs. Moreover, the Company could scale back its operational plans, notably by delaying or limiting the extent of its development program.

H1 2022 highlights

- **Launch of the PhagoDAIR Phase II clinical study**

On February 7, 2022, the Company announced that it had received a favorable opinion from the Ethics Committee (*Comité de Protection des Personnes, Ile de France III*) for the PhagoDAIR study, a Phase II clinical study in the treatment of osteoarticular infections of prostheses caused by *Staphylococcus aureus*, its protocol having already been approved by the ANSM (French National Agency for the Safety of Medicines) in December 2021. PhagoDAIR is the world's first phage therapy study conducted in this indication and should include 64 patients with a knee or hip joint infection due to *S. aureus*.

The enrollment of the first patient was announced on June 15, 2022 and the first results are expected at the end of 2023. Patient enrollment is currently progressing in line with the plan. Depending on the preliminary results of the Phase II study, a Phase III study could be initiated in 2024.

- **New patents granted**

The Company continued its active intellectual property policy during the first half of the year, and was granted two more patents:

  - a second patent granted in China for its anti-*Pseudomonas aeruginosa* phages, following the one granted in December 2021 for its anti-*Staphylococcus aureus* phages.
  - a new patent granted by the European Patent Office (EPO) for its anti-*Pseudomonas aeruginosa* phages.

The Company is developing a solid portfolio of 87 patents each covering specific phages, combination of Phages and their variants against the 3 target bacteria: *P. aeruginosa*, *S. aureus* and *E. Coli*.

- **Change in the governance structure**

The Shareholders' Meeting of May 19, 2022 approved the evolution of Pherecydes Pharma's governance towards a company with a Board of Directors. This Board, comprising 7 members, 2 of whom are independent, appointed Mr. Didier Hoch as Chairman and CEO and Mr. Thibaut du Fayet as Deputy CEO.

Main post-closing events

- **Phagogram registered as an *in vitro* diagnostic test in accordance with EC Directives**

On September 12, 2022, Pherecydes Pharma announced the registration of its phagogram as an *in vitro* diagnostic test ("Phagogram 1.5") in accordance with Directive 98/79/EC. This registration is the first stage of a broader strategic program whose goal is to develop a new generation phagogram, "Phagogram 2.0", in collaboration with the CEA. This program aims to significantly shorten the lead time required for a diagnosis and thus offer phage therapy in all types of indications, whether acute or chronic.

- **Creation of an international Clinical Advisory Board**

On September 15, 2022, the Company announced the setting up of a Clinical Advisory Board comprising prominent international scientific and clinical experts in infectious diseases. This group of prominent international scientists will contribute to the definition and implementation of the Company's clinical development strategy in phage therapy.

Strategy & Outlook

Over the coming months, the Company intends to continue the development of its various assets:

1. **Clinical development of anti-*S. aureus* phages:**
   - ramping up of the PhagoDAIR Phase II study in France and Europe with the opening of new clinical centers, notably in Spain (4 sites activated), the Netherlands and Germany (Q1 2023), till the primary clinical endpoint evaluation;
   - the preparation and initiation of another Phase II study in a clinical indication with substantial medical needs;
   - the launch and management of studies (PHRC) for which the Company is not the sponsor (PhagoPied, Phagos).

2. **Clinical Development of anti-*P. aeruginosa* phages**

The Company is intending to initiate a Phase II clinical study in an indication associated with infections with substantial medical needs.

3. **Preclinical and Clinical development of anti-*E. Coli* phages**

Pherecydes Pharma will continue its research programs in order to be in a position to launch, in Q4 2023, a Phase I/II study with its anti-*E. Coli* phages in complex urinary infections.

About Pherecydes Pharma

Founded in 2006, Pherecydes Pharma is a biotechnology company that develops treatments against resistant bacterial infections, responsible for many serious infections. The Company has developed an innovative approach, precision phage therapy, based on the use of phages, natural bacteria-killing viruses. Pherecydes Pharma is developing a portfolio of phages targeting 3 of the most resistant and dangerous bacteria, which alone account for more than two thirds of hospital-acquired resistant infections: *Staphylococcus aureus, Escherichia coli and Pseudomonas aeruginosa*. Headquartered in Nantes, Pherecydes Pharma has a team of around twenty experts from the pharmaceutical industry, biotechnology sector and academic research.

For more information, www.pherecydes-pharma.com

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