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Following the announcement of its proposed merger with Erytech, Pherecydes Pharma completes a €1.5 million capital increase reserved to its historical shareholders

- This capital increase, fully subscribed by Auriga IV Bioseeds, Ouest Ventures III and the pool of shareholders represented by Guy Rigaud, historical shareholders of Pherecydes Pharma, is part of the proposed merger of Pherecydes Pharma into Erytech Pharma announced on February 15, 2023¹
- The funds raised through this capital increase will provide Pherecydes Pharma with sufficient resources to finance its cash requirements until the end of H1 2023
- The subscription price is €2.09 per share, representing a discount of 21.4% on the last closing price

Nantes, February 17, 2023, 10:30 pm CET – Pherecydes Pharma (FR0011651694 - ALPHE), a biotechnology company specializing in precision phage therapy for the treatment of resistant and/or complicated bacterial infections (the "**Company**"), announced today the completion of the capital increase announced on February 15, 2023 on the occasion of the announcement of its proposed merger with Erytech. The capital increase for a total amount of €1.5 million was fully subscribed by Auriga IV Bioseeds (represented by Elaia Partners), Ouest Ventures III (represented by Go Capital) and the pool of shareholders represented by Mr. Guy Rigaud, historical shareholders of Pherecydes Pharma of the Company.

Purpose of the issue and use of proceeds

The gross proceeds of the capital increase, amounting to €1.5 million, will be mainly used to finance the company's cash requirements until the completion of the merger, scheduled for June 30, 2023 at the latest.

Main characteristics of the capital increase

The Board of Directors of Pherecydes Pharma, using the delegation of authority conferred on it by the fifth (5th) resolution of the Ordinary and Extraordinary General Meeting of December 15, 2022 (capital increase with cancellation of preferential subscription rights for the benefit of categories of persons meeting specific characteristics) (the "**General Meeting**") and in accordance with articles L. 225-138 and subsequent of the French Commercial Code, decided on February 17, 2023 to carry out a capital increase by issuing 717,702 new shares with a par value of one euro (€1) each (the "**New Shares**") on the basis of a price of €2.09² (the "**Capital Increase**"). The subscription price represents a discount of 21.4% on the closing price as of February 17, 2023.

¹ It is specified that the exchange ratio of the merger as announced in the press release of February 15, 2023 (15 new Erytech Pharma shares for 4 Pherecydes Pharma shares) will not be subject to any adjustment due to the capital increase.

² It is specified that the subscription price of €2.09 represents a discount of 24.4% on the volume-weighted average of the Company's share price on the Euronext Growth Paris market over the last five (5) trading sessions



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The Auriga IV Bioseeds fund (represented by Elaia Partners), the Ouest Ventures III fund (represented by Go Capital) and the pool of shareholders led by Mr. Guy Rigaud, historical shareholders and also members of the Board of Directors of the Company, will participate in the Capital Increase for a subscription amount of respectively €747 thousand, €512 thousand and €241 thousand representing the entire gross amount of the Capital Increase. It is specified that the subscribers who are also directors of the Board of Directors of Pherecydes Pharma did not take part in the vote of the Capital Increase at the Board of Directors' meeting held on February 17, 2023.

Following the settlement-delivery operations scheduled on February 22, 2023, the share capital of Pherecydes Pharma will amount to 7,939,179 euros, divided into 7,939,179 shares. The New Shares will be assimilated to the existing shares of the Company and will be admitted to trading on the Euronext Growth market in Paris under ISIN number FR0011651694.

Impact of the issue on the capital structure

The New Shares represent 9.04% of the number of outstanding shares after the Capital Increase. Thus, a shareholder holding 1% of the issued capital before the operation will hold 0.91% of the capital after the operation. The table below details, to the best of the Company's knowledge, the changes in the structure of its share capital following, subject to its completion, the Capital Increase:

Shareholders	Pre-capital increase (on a non-diluted basis)		Post-capital increase (on a non-diluted basis)	
	Nb. shares	% share capital	Nb. shares	% share capital
ACE Management	1,384,564	19.17%	1,384,564	17.44%
Elaia Partners	1,491,037	20.65%	1,848,357	23.28%
Go Capital	1,023,103	14.17%	1,268,285	15.98%
Pool GR ^(*)	484,645	6.71%	599,845	7.56%
Other historical shareholders and management	1,299,864	18.00%	1,299,864	16.37%
Free float	1,516,207	21.00%	1,516,207	19.10%
Treasury shares ^(**)	22,057	0.31%	22,057	0.28%
Total	7,221,477	100%	7,939,179	100%

() The "Pool GR" group is composed of individual shareholders, whether legal entities or individuals, who have entered into a concerted action agreement with each other, which has been brought to the Company's attention. Mr. Guy Rigaud, a member of the Company's Board, belongs to this group.*

*(**) Information as of December 31, 2022*

preceding the setting of the issue price (amounting to €2.765), i.e. a discount of less than the maximum discount of 25% as provided for in the fifth (5th) resolution of the General Meeting.



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Information available to the public and risk factors

The public's attention is drawn to the risk factors relating to the Company and its business, presented in chapter 3 of the Company's information document, available free of charge on the Company's website (www.pherecydes-pharma.com) and on the Euronext website (www.euronext.com), as updated in section 1.6 of the 2021 Annual Financial Report and in section 4 of the 2022 half-year financial report, available free of charge on the Company's website (www.pherecydes-pharma.com). The occurrence of some or all of these risks could have an adverse effect on the Company's business, financial condition, results, development or prospects. With the exception of the risks specific to the transaction referred to above, the Company considers that there is no need to update the risk factors as referred to in chapter 3 of the information document as updated in section 1.6 of the 2021 annual financial report and in section 4 of the 2022 half-year financial report.

Additionally, investors are invited to consider the following risks specific to this issue: (i) the market price of the Company's shares may fluctuate and fall below the subscription price of the shares issued within the framework of the share capital increase, (ii) the volatility and liquidity of the Company's shares may fluctuate significantly, (iii) divestments of the Company's shares may take place on the market and have a negative effect on its share price, (iv) the Company's shareholders could suffer potentially significant dilution resulting from any future capital increases required to provide the Company with additional financing, and (v) as these shares are not intended to be listed on a regulated market, investors will not benefit from the guarantees associated with regulated markets.

This press release does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended, nor an offer to the public.

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

Forward-looking statements

This press release contains forward-looking statements. All statements other than statements of historical fact included in this press release regarding future events are subject to (i) change without notice and (ii) factors beyond the Company's control. These statements may include, but are not limited to, statements preceded by, followed by or including words such as "target", "believe", "expect", "aim", "intend", "may", "forecast", "estimate", "plan", "project", "will", "may have", "likely", "should", "expect", and other words and terms of similar meaning or the negative thereof. Forward-looking statements are subject to inherent risks and uncertainties beyond the Company's



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control that could cause the Company's actual results or performance to differ materially from those expressed or implied by such forward-looking statements.

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This announcement is an advertisement and not a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "Prospectus Regulation").

In France, the transaction described above will take place solely as a reserved share capital increase to the benefit of categories of persons as set forth in the fifth (5th) resolution of the General Meeting pursuant to Article L.225-138 of the French Commercial Code and applicable rules and regulations.

With respect to Member States of the European Economic Area (including France), no action has been taken or will be taken to permit a public offering of the securities referred to in this press release which would require the publication of a prospectus (pursuant to article 3 of the Prospectus Regulation) in any Member State.

This press release and the information it contains do not constitute an offer to sell, nor the solicitation of an offer to subscribe for or buy, new ordinary shares in the United States or any other jurisdiction where restrictions may apply including notably the United States, Canada, Australia, Japan, South Africa or Italy. Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from registration thereunder. Pherecydes Pharma does not intend to conduct a public offering of new ordinary shares in the United States, or in any other jurisdiction.

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Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the new ordinary shares has led to the following conclusion, in relation to



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the type of clients criteria and only that: (i) the clients to whom the new ordinary shares are targeted are eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU, as amended (“MiFID II”); and (ii) all channels for distribution of the new ordinary shares to eligible counterparties, professional clients and retail clients are appropriate. Any person subsequently offering, selling or recommending the new ordinary shares (a “Distributor”) should take into consideration the manufacturers’ assessment of the type of clients; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the new ordinary shares (by either adopting or refining the manufacturers’ assessment of the type of clients) and determining the appropriate distribution channels.

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