UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission File Number 001-38281

ERYTECH Pharma S.A.

(Exact name of registrant as specified in its charter and translation of registrant's name into English)

France
(Jurisdiction of incorporation or organization)

60 Avenue Rockefeller
69008 Lyon France
(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
American Depositary Shares, each representing one ordinary share, nominal value €0.10 per share	**ERYP**	**The Nasdaq Global Select Market**
Ordinary shares, nominal value €0.10 per share*	*	**The Nasdaq Global Select Market***

* Not for trading, but only in connection with the registration of the American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary shares, nominal value €0.10 per share: 17,940,035 as of December 31, 2019

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Emerging growth company	☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐	International Financial Reporting Standards as issued by the International Accounting Standards Board ☒	Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

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INTRODUCTION

Unless otherwise indicated in this Annual Report, "ERYTECH," "the company," "our company," "we," "us" and "our" refer to ERYTECH Pharma S.A. and its consolidated subsidiary.

"ERYTECH Pharma," "ERYCAPS," "GRASPA," the ERYTECH logo and other trademarks or service marks of ERYTECH Pharma S.A. appearing in this Annual Report on Form 20-F for the year ended December 31, 2019, or the Annual Report, are the property of ERYTECH Pharma S.A. or its subsidiary, ERYTECH Pharma, Inc. Solely for convenience, the trademarks, service marks and trade names referred to in this Annual Report are listed without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their right thereto. All other trademarks, trade names and service marks appearing in this Annual Report are the property of their respective owners. We do not intend to use or display other companies' trademarks and trade names to imply any relationship with, or endorsement or sponsorship of us by, any other companies.

Our audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. Our consolidated financial statements are presented in euros, and unless otherwise specified, all monetary amounts are in euros. All references in this Annual Report to "$," "US$," "U.S.$," "U.S. dollars," "dollars" and "USD" mean U.S. dollars and all references to "€" and "euros" mean euros, unless otherwise noted. Throughout this Annual Report, references to ADSs mean American Depositary Shares or ordinary shares represented by such ADSs, as the case may be.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our management's beliefs and assumptions and on information currently available to our management. All statements other than present and historical facts and conditions contained in this Annual Report, including statements regarding our future results of operations and financial positions, business strategy, plans and our objectives for future operations, are forward-looking statements. When used in this Annual Report, the words "anticipate," "believe," "can," "could," "estimate," "expect," "intend," "is designed to," "may," "might," "plan," "potential," "predict," "objective," "should," or the negative of these and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the development of our lead product candidate, eryaspase, which is also known under the trade name GRASPA in Europe and Israel,
- our ability to obtain and maintain regulatory approval of eryaspase in the indications for which we plan to develop, and any related restrictions, limitations or warnings in the label of an approved drug or therapy;
- the initiation, timing, progress and results of our pre-clinical studies and clinical trials of eryaspase and any other product candidates we may develop;
- our ability to successfully develop our ERYCAPS platform and advance our pipeline of product candidates;
- the size and growth potential of the markets for our product candidates, if approved, and the rate and degree of market acceptance of our product candidates, including reimbursement that may be received from payors;
- the timing of our regulatory filings for our product candidates, along with regulatory developments in the United States, European Union and other foreign countries;
- our ability to maintain and enter into and successfully complete collaborations, licensing arrangements or in-license or acquire rights to other products, product candidates or technologies;
- our reliance on third parties to manufacture and conduct the clinical trials of eryaspase, and any other product candidates we may develop, which could limit our commercialization efforts or delay or limit their future development or regulatory approval;
- our ability to develop sales, commercialization, marketing and manufacturing capabilities and strategy, including future hiring plans;
- our ability to produce adequate supplies of our product candidates for preclinical and clinical testing and to fulfill our contractual obligations to third-party distributors;
- the effects of increased competition as well as innovations by new and existing competitors in our industry;
- our ability to obtain additional funding for our operations;
- our ability to maintain, protect and enhance our intellectual property rights and propriety technologies and to operate our business without infringing the intellectual property rights and proprietary technology of third parties;
- regulatory developments in the United States, Europe and other foreign countries;
- our ability to attract and retain qualified employees and key personnel
- our estimates regarding expenses, future revenues, capital requirements and needs for additional financing;
- our planned level of capital expenditures and our belief that our existing cash will be sufficient to fund our operating expenses and capital expenditure requirements until February 2021;
- the uncertainty of economic conditions in certain countries in Europe and Asia, such as those related to the United Kingdom's withdrawal from the European Union, commonly referred to as "Brexit," and general economic conditions;
- whether we are classified as a passive foreign investment company, or PFIC, for current and future periods; and
- other risks and uncertainties, including those listed in the section of this Annual Report titled "Item 3.D—Risk Factors."

You should refer to the section of this Annual Report titled "Item 3.D—Risk Factors" for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Annual Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should read this Annual Report and the documents that we reference in this Annual Report and have filed as exhibits to this Annual Report completely and with the understanding that our actual future results, levels of activity, performance and events and

circumstances may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

Unless otherwise indicated, information contained in this Annual Report concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size estimates, is based on information from independent industry analysts, third-party sources and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from our internal research, and are based on assumptions made by us based on such data and our knowledge of such industry and market, which we believe to be reasonable. In addition, while we believe the market opportunity information included in this Annual Report is generally reliable and is based on reasonable assumptions, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the section of this Annual Report titled "Item 3.D—Risk Factors."

PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

A. Selected Financial Data

Our consolidated audited financial statements have been prepared in accordance with IFRS, as issued by the IASB. We derived the selected consolidated statement of income (loss) data for the years ended December 31, 2017, 2018 and 2019 and selected consolidated statement of financial position data as of December 31, 2017, 2018 and 2019 from our consolidated audited financial statements included elsewhere in this Annual Report. The selected consolidated statement of income data for the years ended December 31, 2015 and 2016 and the selected consolidated financial position data as of December 31, 2015 and 2016 have been derived from our audited consolidated financial statements and notes thereto which are not included in this Annual Report. This data should be read together with, and is qualified in its entirety by reference to, Item 5. "Operating and Financial Review and Prospects" as well as our financial statements and notes thereto appearing elsewhere in this Annual Report. Our historical results are not necessarily indicative of the results to be expected in the future.

Selected Consolidated Statement of Income (Loss) Data (in thousands, except share and per share data):

	Year Ended December 31,					
	2015	2016	2017	2018	2019	
	Euros	Euros	Euros	Euros	Euros	US$(1)
Revenues	€ —	€ —	€ —	€ —	€ —	$ —
Other income	2,929	4,138	3,364	4,447	5,283	5,931
Operating income	**2,929**	**4,138**	**3,364**	**4,447**	**5,283**	**5,931**
Research and development	(10,776)	(19,720)	(25,463)	(33,468)	(52,193)	(58,597)
General and administrative	(7,736)	(6,808)	(8,791)	(14,600)	(17,164)	(19,270)
Operating expenses	**(18,512)**	**(26,528)**	**(34,254)**	**(48,068)**	**(69,357)**	**(77,867)**
Operating loss	**(15,583)**	**(22,390)**	**(30,889)**	**(43,621)**	**(64,074)**	**(71,936)**
Financial income (loss)	567	488	(2,644)	5,399	1,414	1,588
Income tax	3	(10)	3	(2)	1	1
Net loss	**(15,013)**	**(21,913)**	**(33,530)**	**(38,224)**	**(62,659)**	**(70,347)**
Basic and diluted loss per share (2)	€ (2.16)	€ (2.74)	€ (2.95)	€ (2.13)	€ (3.49)	$ (3.92)
Weighted number of shares used for computing basic and diluted loss per share	6,957,654	7,983,642	11,370,557	17,937,481	17,937,535	17,937,535

(1) Translated solely for convenience into dollars at the noon buying rate of the Federal Reserve Bank of New York of €1.00 = $1.1227 at December 31, 2019.

(2) See Note 3.7 to our consolidated financial statements for further details on the calculation of basic and diluted loss per ordinary share.

Selected Consolidated Statement of Financial Position Data (in thousands, except share data):

	As of December 31,					
	2015	2016	2017	2018	2019	
	Euros	Euros	Euros	Euros	Euros	US$(1)
Cash and cash equivalents	45,634	37,646	185,525	134,371	73,173	82,152
Total assets	**53,004**	**44,967**	**195,261**	**167,840**	**118,546**	**133,092**
Total shareholders' equity	47,132	35,638	181,419	145,602	85,560	96,058
Total non-current liabilities	251	2,982	2,236	1,590	13,105	14,713
Total current liabilities	5,621	6,347	11,606	20,648	19,881	22,321
Total liabilities	5,872	9,329	13,842	22,238	32,986	37,034
Total liabilities and shareholders' equity	**53,004**	**44,967**	**195,261**	**167,840**	**118,546**	**133,092**
Total capital stock	**792**	**873**	**1,794**	**1,794**	**1,794**	**2,014**
Total number of shares	**7,924,611**	**8,732,648**	**17,937,559**	**17,940,035**	**17,940,035**	**17,940,035**

(1) Translated solely for convenience into dollars at the noon buying rate of the Federal Reserve Bank of New York of €1.00 = $1.1227 at December 31, 2019. Note that the European Central Bank exchange rate of €1.00 = $1.1234 at December 31, 2019 was used to convert the accounts of our U.S. subsidiary, ERYTECH Pharma, Inc., into euros before incorporation into our consolidated accounts.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business faces significant risks. You should carefully consider all of the information set forth in this Annual Report and in our other filings with the United States Securities and Exchange Commission, or the SEC, including the following risk factors which we face and which are faced by our industry. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. This report also contains forward-looking statements that involve risks and uncertainties. Our results could materially differ from those anticipated in these forward-looking statements, as a result of certain factors including the risks described below and elsewhere in this Annual Report and our other SEC filings. See "Special Note Regarding Forward-Looking Statements" above.

Risks Related to our Financial Position and Capital Needs

We will need to raise substantial additional funding to pursue our business objectives, which may not be available on acceptable terms, or at all, and failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts, potential commercialization efforts or other operations.

Our net cash flows used in operating activities were €24.7 million, €47.9 million and €43.3 million for the years ended December 31, 2017, 2018 and 2019, respectively. As of December 31, 2019, our cash and cash equivalents were €73.2 million ($82.2 million) compared to €134.4 million as of December 31, 2018 which represents an annual cash and cash equivalents use of €61.2 million. We believe that our cash and cash equivalents as of December 31, 2019 will be sufficient to fund our current operations until February 2021. However, we will need to obtain substantial additional funding in connection with our continuing operations.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time consuming, expensive and uncertain process that takes years to complete, and we or any current or future collaborators may never generate the necessary data or results required to obtain regulatory approval and achieve product sales. In addition, eryaspase or any of our product candidates, if approved, may not achieve commercial success. Our commercial revenue, if any, will be derived from the sale of drugs that we do not expect to be commercially available for several years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. While we are pursuing various financing strategies, adequate additional financing may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

Raising additional capital may cause dilution to our shareholders, restrict our operations or require us to relinquish rights to our product candidates.

Until such time, if ever, as we can generate substantial revenue from the sale of our drugs, we expect to finance our cash needs through public or private equity or debt financings, government or other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements or a combination of these approaches. In any event, we will require additional capital to pursue preclinical and clinical activities, finance any future acquisitions of complementary product candidates, technologies or business, obtain regulatory approval for and commercialize our product candidates. Even if we believe we have sufficient funds for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations.

Fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of our shareholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of the ADSs or ordinary shares to decline. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.
If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our research programs or drug candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements with third parties when needed, we may be required to delay, limit, reduce or terminate our drug development or future commercialization efforts or grant rights to third parties to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

We have incurred significant losses since our inception and expect that we will continue to incur significant losses for the foreseeable future and we may never achieve profitability.

We have not yet generated significant revenues and have incurred significant operating losses since our inception. We incurred net losses of €33.5 million, €38.2 million and €62.7 million for the years ended December 31, 2017, 2018 and 2019, respectively; these losses have adversely impacted, and will continue to adversely impact, our equity attributable to shareholders and net assets. These losses are principally the result of our research expenditures and development costs for conducting preclinical studies and clinical trials, as well as general and administrative expenses associated with our operations. We anticipate that our operating losses will continue for at least the next several years as we continue our research and development activities and until we generate substantial revenues from any approved product candidates. As of December 31, 2019, we had a consolidated accumulated deficit of €199.3 million.

We have devoted most of our financial resources to research and development, including our clinical and preclinical development activities. To date, we have financed our operations primarily through the sale of equity securities and by obtaining public assistance in support of innovation, such as conditional advances and subsidies from the Banque Publique d'Investissement, or BPI France, and research tax credits. The amount of our future net losses will depend, in part, on the pace and amount of our future expenditures and our ability to obtain funding through equity or debt financings, strategic collaborations or additional grants or tax credits until such time, if ever, as we can generate substantial product revenue. We have not yet received marketing approval for any of our product candidates. Even if we obtain regulatory approval to market a product candidate, our future revenues will depend upon the size of any markets in which our product candidates have received approval, and our ability to achieve sufficient market acceptance, reimbursement from third-party payors and adequate market share for our product candidates in those markets.

We anticipate that our expenses will increase substantially as we:

- continue the preclinical and clinical development of our product candidates;
- expand the scope of our current clinical trials for our product candidates;
- expand our clinical and commercial manufacturing capabilities for our product candidates;
- seek regulatory and marketing approvals for our product candidates that successfully complete clinical trials;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval and for which we have not entered into a third-party collaboration;
- seek to identify and validate additional product candidates;
- acquire or in-license other product candidates and technologies;
- make milestone, royalty or other payments under in-license or collaboration agreements;

- maintain, protect and expand our intellectual property portfolio;
- attract new and retain existing skilled personnel; and
- create additional infrastructure to support our operations in the United States.

Our operating results may fluctuate significantly from year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance. In any particular period or periods, our operating results could be below the expectations of securities analysts or investors, which could cause the price of the ordinary shares and ADSs to decline.

We may be forced to repay conditional advances prematurely if we fail to comply with our contractual obligations under certain innovation grant agreements.

Through December 31, 2019, we have received €2.7 million in non-refundable grants and €2.1 million in conditional advances from BPI France. Since December 31, 2019, we received an additional amount of €0.3 million in non-refundable grants from BPI France and €3.0 million in conditional advances. To date, TEDAC is the only ongoing program funded by non-refundable grants and conditional advances. If we fail to comply with our contractual obligations under the applicable innovation grant agreements, including if we lose our exclusive right to commercially develop our product candidates, we could be forced to repay the conditional advances (amounting to €1.2 million at December 31, 2019 and €4.2 million received in aggregate to date) ahead of schedule. Such premature repayment could adversely affect our ability to finance our research and development projects, in which case we would need to locate alternative sources of capital, which may not be available on commercially reasonable terms or at all.

Risks Related to Development of our Product Candidates

We have no approved products, which makes it difficult to assess our future prospects.

A key element of our strategy is to use and expand our proprietary ERYCAPS platform to build a pipeline of innovative product candidates and to progress these drug candidates through clinical development for the treatment of severe forms of cancer and orphan diseases. The discovery of therapeutic drugs based on encapsulating molecules inside red blood cells is an emerging field, and the scientific discoveries that form the basis for our efforts to discover and develop drug candidates are relatively new. The scientific evidence to support the feasibility of developing drug candidates based on these discoveries is both preliminary and limited. Although our research and development efforts to date have resulted in a pipeline of product candidates, we have not yet obtained approval for any products, we have not yet generated any revenues from the sale of approved products and we may not be able to develop product candidates that are considered to be safe and effective. Our operations to date have been limited to developing our ERYCAPS platform technology and undertaking preclinical studies and clinical trials of our product candidates, including our lead product candidate, eryaspase, also known as GRASPA, the approved trade name for eryaspase in Europe. However, we have not yet demonstrated an ability to overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the pharmaceutical industry. Consequently, the ability to predict our future operating results or business prospects is more limited than if we had a longer operating history or approved products on the market.

We are heavily dependent on the success of our most advanced product candidate, eryaspase.

Our business and future success depends on our ability to obtain regulatory approval for and, together with third-party collaborators, to successfully commercialize our lead product candidate, eryaspase, which is under clinical development for oncology indications. Eryaspase is our only product candidate in late-stage clinical development, and our business currently depends heavily on its successful development. Eryaspase will require additional clinical and non-clinical development, regulatory review and approval in multiple jurisdictions, substantial investment, access to sufficient commercial manufacturing capacity and significant marketing efforts before we can generate any revenue from product sales. We cannot be certain eryaspase will receive regulatory approval or be successfully commercialized even if we receive regulatory approval. In addition, because eryaspase is our most advanced product candidate, and because our other product candidates are based on the same ERYCAPS platform technology, if eryaspase encounters safety or efficacy problems, developmental delays or regulatory issues or other problems, our development plans and business would be significantly harmed.

We may not be successful in our efforts to use and expand our ERYCAPS platform to develop marketable products.

We believe that our ERYCAPS platform has broad potential application and can be used to encapsulate a wide range of therapeutic agents within red blood cells for which long-circulating therapeutic activity and rapid and specific targeting is desired. However, we are at an early stage of development and our platform has not yet, and may never, lead to approved or marketable products. Even if we are successful in continuing to build our product pipeline, the potential product candidates that we identify may not be suitable for clinical development, including for reasons related to their harmful side effects, limited efficacy or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. Use of red blood cells as the basis for our ERYCAPS platform may result in similar risks that affect the ability of our products to receive marketing approval and achieve market acceptance. If we do not successfully develop and commercialize product candidates based upon our technological

approach, we may not be able to obtain product or collaboration revenues in future periods, which would harm our business and our prospects.

We face substantial competition from companies with considerably more resources and experience than we have, which may result in others discovering, developing, receiving approval for, or commercializing products before or more successfully than us.

The biopharmaceuticals industry is highly competitive. Numerous biopharmaceutical laboratories, biotechnology companies, institutions, universities and other research entities are actively involved in the discovery, research, development and marketing of therapeutics to treat severe forms of cancer and orphan diseases, making it a highly competitive field. We have competitors in a number of jurisdictions, many of which have substantially greater name recognition, commercial infrastructures and financial, technical and personnel resources than we have.

L-asparaginase is currently available in four forms, and the current market primarily includes several products marketed by large pharmaceutical companies, including Jazz Pharmaceuticals PLC and Servier. To our knowledge, there is no potential treatment being developed using non encapsulated L-asparaginase for the treatment of pancreatic cancer or other solid tumor indications, but this may change and current marketed asparaginase products may attempt to broaden their indications. Our products and product candidates may also have to compete with other products and product candidates in development by established pharmaceutical companies and biotechnology companies.

Established competitors may invest heavily to quickly discover and develop novel compounds that could make our product candidates obsolete or uneconomical. Any new product that competes with an approved product may need to demonstrate compelling advantages in efficacy, convenience, tolerability and safety to be commercially successful. Any of our product candidates that are approved in the future will also face other competitive factors, including generic competition, which could force us to lower prices or could result in reduced sales. In addition, new products developed by others could emerge as competitors to our product candidates. If we are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition and operations will suffer.

Intravenous administration of our product candidates could present risks that exist in relation to blood transfusions.

Our product candidates must be intravenously injected and are therefore subject to risks associated with blood transfusions and the blood type compatibility of the donor. We currently acquire red blood cells from blood donations prepared and tested by blood banks, notably the *Établissement Français du Sang*, the New York Blood Center, the American Red Cross and the German Red Cross Blood Donor Service. However, using donor-derived red blood cells presents risks associated with the potential transmission of infectious agents, such as viruses, bacteria, prions and parasites, as well as risks associated with the development of allergies or other complications, such as allo-immunization, post-transfusion graft-versus-host disease, anaphylactic shock or death. Risks associated with the encapsulation of molecules inside red blood cells may vary and will depend on their toxicity. Although the blood banks that supply our red blood cells follow a strict preparation process, approved by health authorities, to detect and reduce possible risks for contamination by infectious agents, we cannot guarantee that our product candidates will not be contaminated, which could be detrimental to our product development and commercialization efforts.

Risks Related to the Discovery and Development of and Obtaining Regulatory Approval for our Product Candidates

If our product candidates are not approved for marketing by applicable government authorities, we will be unable to commercialize them.

The European Commission (following review by the European Medicines Agency, or EMA) in Europe, the U.S. Food and Drug Administration, or FDA, in the United States and comparable regulatory authorities in other jurisdictions must approve new drug or biologic candidates before they can be commercialized, marketed, promoted or sold in those territories. We must provide these regulatory authorities with data from preclinical studies and clinical trials that demonstrate that our product candidates are safe and effective for a defined indication before they can be approved for commercial distribution. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is inherently uncertain as to outcome. We must provide data to ensure the identity, strength, quality and purity of the drug substance and drug product. Also, we must assure the regulatory authorities that the characteristics and performance of the clinical batches will be replicated consistently in the commercial batches. We have focused our development and planned commercialization efforts on Europe and the United States.

The processes by which regulatory approvals are obtained from the EMA and FDA to market and sell a new product are complex, require a number of years and involve the expenditure of substantial resources. We cannot assure you that eryaspase or any of our future product candidates will receive EMA or FDA approval. For example, in September 2015, we submitted a Marketing Authorization Application, or MAA, to the EMA for the approval of GRASPA as a treatment for acute lymphoblastic leukemia, or ALL. However, in November 2016, we announced our withdrawal of the MAA for GRASPA. In October 2017, we resubmitted to the EMA our MAA for GRASPA for relapsed or refractory ALL and subsequently announced our withdrawal of the MAA for GRASPA in June 2018. Even if we obtain marketing approval of any of our product candidates in a major pharmaceutical market such as the

United States or Europe, we may never obtain approval or commercialize our products in other major markets, due to varying approval procedures or otherwise, which would limit our ability to realize their full market potential.

Our product candidates will need to undergo clinical trials that are time-consuming and expensive, the outcomes of which are unpredictable, and for which there is a high risk of failure. If clinical trials of our product candidates fail to satisfactorily demonstrate safety and efficacy to the EMA, FDA and other regulators, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of these product candidates.

Preclinical testing and clinical trials are long, expensive and unpredictable processes that can be subject to extensive delays. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. It may take several years to complete the preclinical testing and clinical development necessary to commercialize a product candidate, and delays or failure can occur at any stage. Interim results of clinical trials do not necessarily predict final results, and success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful. A number of companies in the pharmaceutical, biopharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials even after promising results in earlier trials, and we cannot be certain that we will not face similar setbacks. The design of a clinical trial can determine whether its results will support approval of a product, and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. An unfavorable outcome in one or more trials would be a major setback for our product candidates and for us. Due to our limited financial resources, an unfavorable outcome in one or more trials may require us to delay, reduce the scope of, or eliminate one or more product development programs, which could have a material adverse effect on our business and financial condition and on the value of our securities.

In connection with clinical testing and trials, we face a number of risks, including risks that:

- a product candidate is ineffective, inferior to existing approved medicines, unacceptably toxic, or has unacceptable side effects;
- patients may die or suffer other adverse effects for reasons that may or may not be related to the product candidate being tested;
- extension studies on long-term tolerance could invalidate the use of our product;
- the results may not confirm the positive results of earlier testing or trials; and
- the results may not meet the level of statistical significance required by the EMA, FDA or other regulatory agencies to establish the safety and efficacy of our product candidates.

The results of preclinical studies do not necessarily predict clinical success, and larger and later-stage clinical trials may fail to show the desired safety and efficacy results despite having progressed through preclinical studies and initial clinical trials. Furthermore, there can be no assurance that any of our clinical trials will ultimately be successful or support further clinical development of any of our product candidates. Our clinical trials of eryaspase conducted to date have generated favorable safety and efficacy data, other than our Phase 2b clinical trial in acute myeloid leukemia for which we did not achieve the primary endpoint. However, we may have different results in other indications. Differences in enrollment criteria and different combinations with other treatment modalities may also lead to different outcomes in our future clinical trials. As a result, we may not observe a similarly favorable safety or efficacy profile as in our prior clinical trials. There is a high failure rate for drugs proceeding through clinical trials. Many companies in the pharmaceutical, biopharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials after achieving positive results in early-stage development and we cannot be certain that we will not face similar setbacks. These setbacks have been caused by, among other things, preclinical findings made while clinical trials were underway, or safety or efficacy observations made in preclinical studies and clinical trials, including previously unreported adverse events. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain FDA or EMA approval. In addition, we cannot assure you that in the course of potential widespread use in the future, we will not suffer setbacks in maintaining production quality or stability.

If we do not successfully complete preclinical and clinical development, we will be unable to market and sell our product candidates and generate revenues. Even if we do successfully complete clinical trials, those results are not necessarily predictive of results of additional trials that may be needed before marketing applications may be submitted to the EMA or FDA, as applicable. For instance, despite having observed favorable results and safety profile in multiple clinical trials of eryaspase in patients with ALL, based on feedback from the regulatory agencies requiring additional investment, increasingly competitive landscape and the limited market opportunity for eryaspase with ALL, we decided in June 2018 to cease further clinical developments efforts in ALL. In addition, our research and development costs amounted to €25.5 million, €33.5 million and €52.2 million during the years ended December 31, 2017, 2018 and 2019, respectively. Although there are a large number of drugs and biologics in development in Europe, the United

States and other countries, only a small percentage result in the submission of a marketing application, even fewer are approved for commercialization, and only a small number achieve widespread physician and consumer acceptance following regulatory approval. If our clinical trials are substantially delayed or fail to prove the safety and effectiveness of our product candidates in development, we may not receive regulatory approval of any of these product candidates and our business and financial condition will be materially harmed.

Delays, suspensions and terminations in our clinical trials could result in increased costs to us and delay or prevent our ability to generate revenues.

Human clinical trials are very expensive, time-consuming, and difficult to design, implement and complete. The completion of trials for eryaspase or our other product candidates may be delayed for a variety of reasons, including delays in:

- demonstrating sufficient safety and efficacy to obtain regulatory approval to commence a clinical trial;
- reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites;
- validating test methods to support quality testing of the drug substance and drug product;
- obtaining sufficient quantities of the drug substance or other materials necessary to conduct clinical trials;
- manufacturing sufficient quantities of a product candidate;
- obtaining approval of applications from regulatory authorities for the commencement of a clinical trial;
- obtaining institutional review board, or IRB, approval to conduct a clinical trial at a prospective clinical trial site;
- determining dosing and clinical trial design; and
- patient enrollment, which is a function of many factors, including the size of the patient population, the nature of the protocol, the proximity of patients to clinical trial sites, the availability of effective treatments for the relevant disease and the eligibility criteria for the clinical trial.

For example, in our Phase 1 clinical trial in the United States in adult ALL patients, patient enrollment took longer than expected.

The commencement and completion of clinical trials for our product candidates may be delayed, suspended or terminated due to a number of factors, including:

- lack of effectiveness of product candidates during clinical trials;
- adverse events, safety issues or side effects relating to the product candidates or their formulation;
- inability to raise additional capital in sufficient amounts to continue clinical trials or development programs, which are very expensive;
- the need to sequence clinical trials as opposed to conducting them concomitantly in order to conserve resources;
- our inability to maintain or enter into collaborations relating to the development and commercialization of our product candidates;
- our failure to conduct clinical trials in accordance with regulatory requirements;
- our inability to manufacture or obtain from third parties materials sufficient for use in preclinical studies and clinical trials;
- governmental or regulatory delays and changes in regulatory requirements, policy and guidelines, including mandated changes in the scope or design of clinical trials or requests for supplemental information with respect to clinical trial results;
- delays in patient enrollment, variability in the number and types of patients available for clinical trials, and lower-than anticipated retention rates for patients in clinical trials;
- difficulty in patient monitoring and data collection due to failure of patients to maintain contact after treatment; and
- varying interpretations of our data, and regulatory commitments and requirements by the EMA, FDA and similar regulatory agencies.

For example, our Investigational New Drug application, or IND, submitted to the FDA for eryaspase was on clinical hold from its original submission in July 2011 until March 21, 2013. Although we received acceptance from the FDA of our IND to extend our

pivotal Phase 3 clinical trial of eryaspase for the treatment of second-line pancreatic cancer patients to the United States in May 2019, we cannot assure you that any future IND will not be subject to clinical holds.

Many of these factors may also ultimately lead to denial of our marketing application for eryaspase or our other product candidates. If we experience delay, suspensions or terminations in a clinical trial, the commercial prospects for the related product candidate will be harmed, and our ability to generate product revenues will be delayed or such revenues could be reduced or fail to materialize.

We may find it difficult to enroll patients in our clinical trials, which could delay or prevent us from proceeding with clinical trials of our product candidates.

Identifying and qualifying patients to participate in clinical trials of our product candidates is critical to our success. The timing of our clinical trials depends on our ability to recruit patients to participate, as well as completion of required follow-up periods. If patients are unwilling to enroll in our clinical trials because of competitive clinical trials for similar patient populations or for other reasons, the timeline for recruiting patients, conducting studies and obtaining regulatory approval of our product candidates may be delayed. These delays could result in increased costs, delays in advancing our product candidates, delays in testing the effectiveness of our product candidates or termination of clinical trials altogether.

Some of our current product candidates are being developed to treat severe forms of cancer and other orphan diseases, which are generally defined as having a patient population of fewer than 200,000 individuals in the United States. For example, 150,000 new cases of pancreatic cancer are diagnosed each year in the United States and Europe. We may not be able to initiate or continue clinical trials if we cannot enroll a sufficient number of eligible patients to participate in the clinical trials required by the FDA, EMA or other regulatory authorities. Also, we may not be able to identify, recruit and enroll a sufficient number of patients, or those with required or desired characteristics, to complete our clinical trials in a timely manner. Patient enrollment can be affected by many factors, including:

- size of the patient population and process for identifying patients;
- eligibility and exclusion criteria for our clinical trials;
- perceived risks and benefits of our product candidates;
- severity of the disease under investigation;
- proximity and availability of clinical trial sites for prospective patients;
- ability to obtain and maintain patient consent;
- patient drop-outs prior to completion of clinical trials;
- patient referral practices of physicians; and
- ability to monitor patients adequately during and after treatment.

Our ability to successfully initiate, enroll and complete clinical trials in any foreign country is subject to numerous risks unique to conducting business in foreign countries, including:

- difficulty in establishing or managing relationships with CROs and physicians;
- different standards for the conduct of clinical trials;
- inability to locate qualified local consultants, physicians and partners; and
- the potential burden of complying with a variety of foreign laws, medical standards and regulatory requirements, including the regulation of pharmaceutical and biotechnology products and treatment.

If we have difficulty enrolling a sufficient number of patients or finding additional clinical trial sites to conduct our clinical trials as planned, we may need to delay, limit or terminate ongoing or planned clinical trials, any of which could have an adverse effect on our business, financial condition, results of operations and prospects.

Changes in regulatory requirements, guidance from regulatory authorities or unanticipated events during our clinical trials of our product candidates could necessitate changes to clinical trial protocols or additional clinical trial requirements, which would result in increased costs to us and could delay our development timeline.

Changes in regulatory requirements, FDA guidance or guidance from the EMA or other European regulatory authorities, or unanticipated events during our clinical trials, may force us to amend clinical trial protocols. The regulatory authorities could also impose additional clinical trial requirements. Amendments to our clinical trial protocols would require resubmission to the FDA, EMA, national clinical trial regulators and IRBs for review and approval, which may adversely impact the cost, timing or successful completion of a clinical trial. If we experience delays completing, or if we terminate, any of our clinical trials, or if we are required to conduct additional clinical trials, the commercial prospects for our product candidates may be harmed and our ability to generate product revenue will be delayed.

The United States and European formulations of eryaspase differ, and regulatory authorities in each jurisdiction may not accept data from alternative eryaspase formulations in other jurisdiction(s), which may result in delays and additional costs in order to conduct additional comparability studies or the need to repeat nonclinical and clinical studies in order to obtain approval in each jurisdiction in which we intend to commercialize eryaspase.

The formulations of eryaspase used to conduct clinical trials in the United States and Europe have differed in composition, manufacturing process and release specifications. After seeking feedback from regulatory agencies, we have conducted studies to harmonize the formulation of eryaspase, including in vitro comparability studies and stability studies. Even with this additional data, regulatory authorities may not find it acceptable to support the approval of eryaspase. If regulatory authorities require us to generate additional nonclinical or clinical data, the generation of additional data could result in submission delays and additional costs in order to obtain marketing approval of eryaspase.

In the United States, our product candidates will be regulated as biological products, or biologics, which may subject them to competition sooner than we currently anticipate.

The Biologics Price Competition and Innovation Act of 2009, or BPCIA, was enacted as part of the 2010 enactments of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, the ACA, to establish an abbreviated licensure pathway for biological products shown to be biosimilar to, or interchangeable with, an FDA-licensed biological reference product. “Biosimilarity” means that the biological product is highly similar to the reference product notwithstanding minor differences in clinically inactive components and there are no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency of the product. To meet the higher standard of “interchangeability,” an applicant must provide sufficient information to show biosimilarity and demonstrate that the biological product can be expected to produce the same clinical result as the reference product in any given patient and, if the biological product is administrated more than once to an individual, the risk in terms of safety or diminished efficacy of alternating or switching between the use of the biological product and the reference product is not greater than the risk of using the reference product without such alternation or switch.

Under the BPCIA, an application for a biosimilar or interchangeable product cannot be approved by the FDA until 12 years after the reference product was first licensed, and the FDA will not even accept an application for review until four years after the date of first licensure. The law is evolving, complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty. While it is uncertain when such processes intended to implement BPCIA may be fully adopted by the FDA, any such processes could have a material adverse effect on the future commercial prospects for our biological products.

We believe that any of our product candidates approved as a biological product under a Biologics License Application, or BLA, should qualify for the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to congressional action or otherwise, potentially creating the opportunity for biosimilar or interchangeable competition sooner than we currently anticipate. Moreover, the process by which an interchangeable product, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non-biological products, such as drugs, is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing and subject to interpretation.

In the European Union, GRASPA contains a known active substance, which would undermine its data and marketing exclusivities; however, this will not affect GRASPA’s orphan product exclusivity.

In the European Union, data exclusivity refers to the period of time during which another company cannot refer to our data held in the authority’s files in support of its marketing authorization. The subsequent market exclusivity refers to the period of time during which another company may use our data in support of its marketing authorization for a generic, hybrid or biosimilar product, but the product in question may not be placed on the market. For products containing new active substances, this effectively prevents certain products, such as generics and similar biological products, from being placed on the market during the combined data and marketing

exclusivity period. This combined period usually lasts for 10 years from the date of approval of the product containing the new active substance.

Because the active ingredient in GRASPA is not a new active substance, the 10-year period of protection against generics and similar biological products is undermined. Competitors developing such products could receive European Union marketing authorizations and place their products on the European Union market within 10 years of GRASPA's own marketing authorization, if obtained.

However, if we still have orphan drug designation for GRASPA in the treatments of pancreatic cancer, ALL and AML in Europe at the time we receive marketing approval from the EMA in these indications, we would still benefit from the independent period of market exclusivity afforded to orphan products. In the European Union, this is usually a period of 10 years from the date of marketing approval. The exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan drug designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified. The exclusivity period may increase to 12 years if, among other things, the MAA includes the results of studies from an agreed pediatric investigation plan. During the orphan exclusivity period, regulators should not accept or approve applications for the approval of a similar medicine for the same therapeutic indication, unless the second product is demonstrably safer, more effective or otherwise clinically superior. Regulators may approve different products for the same condition as GRASPA.

We rely on third parties to assist in our discovery and development activities, and the loss of any of our relationships with research institutions could hinder our product development prospects.

We currently have and expect to continue to depend on collaborations with public and private research institutions to conduct some of our early-stage drug discovery activities. If we are unable to enter into research collaborations with these institutions, or if any one of these institutions fails to work efficiently with us, the research, development or marketing of our product candidates planned as part of the research collaboration could be delayed or canceled. In the event a research agreement is terminated or we become no longer in a position to renew the arrangement under acceptable conditions, our drug discovery and development activities may also be delayed.

We rely on third parties to conduct our clinical trials and perform data collection and analysis, which may result in costs and delays that prevent us from successfully commercializing our product candidates.

We rely, and will rely in the future, on medical institutions, clinical investigators, CROs, contract laboratories and collaborators to perform data collection and analysis and to carry out our clinical trials.

For example, in June 2019, we entered in an exclusive worldwide license agreement with SQZ Biotechnologies pursuant to which we and SQZ Biotechnologies will focus on the development of novel red blood cell-based therapeutics for the treatment of immuno-oncology and tolerance induction. Our other main subcontractors and key partners include *Etablissement Français du Sang*, the American Red Cross, the New York Blood Center and Medac GmbH. We also recently entered into a partnership with the German Red Cross Blood Donor Service.

Our development activities or clinical trials conducted in reliance on third parties may be delayed, suspended, or terminated if:

- the third parties do not devote a sufficient amount of time or effort to our activities or otherwise fail to successfully carry out their contractual duties or to meet regulatory obligations or expected deadlines;
- we replace a third party; or
- the quality or accuracy of the data obtained by third parties is compromised due to their failure to adhere to clinical protocols, regulatory requirements, or for other reasons.

We generally would not have the ability to control the performance of third parties in their conduct of development activities. In the event of a default, bankruptcy or shutdown of, or a dispute with, a third party, we may be unable to enter into a new agreement with another third party on commercially acceptable terms. Further, third-party performance failures may increase our development costs, delay our ability to obtain regulatory approval, and delay or prevent the commercialization of our product candidates. In addition, our third-party agreements usually contain a clause limiting such third party's liability, such that we may not be able to obtain full compensation for any losses we may incur in connection with the third party's performance failures. While we believe that there are numerous alternative sources to provide these services, in the event that we seek such alternative sources, we may not be able to enter into replacement arrangements without incurring delays or additional costs.

We may enter into collaboration agreements with third parties for the development and commercialization of our product candidates, which may affect our ability to generate revenues.

We have limited capabilities for product development and may seek to enter into collaborations with third parties for the development and potential commercialization of our product candidates. For example, in June 2019, we entered into a collaboration with SQZ Biotechnologies to focus on the development of novel red blood-cell based therapeutics for the treatment of immuno-oncology and

tolerance induction. Should we seek to collaborate with any additional third parties with respect to a prospective development program, we may not be able to locate a suitable collaborator and may not be able to enter into an agreement on commercially reasonable terms or at all. Even if we succeed in securing collaborators for the development and commercialization of our product candidates, we will have limited control over the amount and timing that our collaborators may dedicate to the development or commercialization of our product candidates. These collaborations pose a number of risks, including the following:

- collaborators may not have sufficient resources or decide not to devote the necessary resources due to internal constraints such as budget limitations, lack of human resources, or a change in strategic focus;
- collaborators may believe our intellectual property is not valid or is unenforceable or the product candidate infringes on the intellectual property rights of others;
- collaborators may dispute their responsibility to conduct development and commercialization activities pursuant to the applicable collaboration, including the payment of related costs or the division of any revenues;
- collaborators may decide to pursue a competitive product developed outside of the collaboration arrangement;
- collaborators may not be able to obtain, or believe they cannot obtain, the necessary regulatory approvals; or
- collaborators may delay the development or commercialization of our product candidates in favor of developing or commercializing another party's product candidate.

Thus, collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all.

Some collaboration agreements are terminable without cause on short notice. Once a collaboration agreement is signed, it may not lead to commercialization of a product candidate. We also face competition in seeking out collaborators. If we are unable to secure new collaborations that achieve the collaborator's objectives and meet our expectations, we may be unable to advance our product candidates and may not generate meaningful revenues.

Due to our limited resources and access to capital, our decisions to prioritize development of certain product candidates may adversely affect our business prospects.

Because we have limited resources and access to capital to fund our operations, we must decide which product candidates to pursue and the amount of resources to allocate to each. As such, we are currently primarily focused on the development of eryaspase for the treatment of pancreatic cancer and other solid tumors. Our decisions concerning the allocation of research, collaboration, management and financial resources toward particular compounds, product candidates or therapeutic areas may not lead to the development of viable commercial products and may divert resources away from more promising opportunities. Similarly, our potential decisions to delay, terminate or collaborate with third parties with respect to some of our product development programs may also prove not to be optimal and could cause us to miss valuable opportunities. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights. If we make incorrect determinations regarding the market potential of our product candidates or misread trends in the pharmaceutical industry, our business prospects could be harmed.

Risks Related to the Commercialization of Our Product Candidates

Even if we successfully complete clinical trials of our product candidates, those candidates may not be commercialized successfully for other reasons.

Even if we successfully complete clinical trials for one or more of our product candidates and obtain relevant regulatory approvals, those candidates may not be commercialized for other reasons, including:

- failing to receive regulatory clearances required to market them as drugs;
- being subject to proprietary rights held by others;
- failing to obtain clearance from regulatory authorities on the manufacturing of our products;
- being difficult or expensive to manufacture on a commercial scale;
- having adverse side effects that make their use less desirable;

- failing to compete effectively with products or treatments commercialized by competitors; or
- failing to show that the long-term benefits of our products exceed their risks.

Even if any of our product candidates are commercialized, they may fail to achieve the degree of market acceptance by physicians, patients, third-party payors or the medical community in general necessary for commercial success.

Even if the medical community accepts a product as safe and efficacious for its indicated use, physicians may choose to restrict the use of the product if we are unable to demonstrate that, based on experience, clinical data, side-effect profiles and other factors, our product is preferable to any existing drugs or treatments. We cannot predict the degree of market acceptance of any product candidate that receives marketing approval, which will depend on a number of factors, including, but not limited to:

- the demonstration of the clinical efficacy and safety of the product;
- the approved labeling for the product and any required warnings;
- the advantages and disadvantages of the product compared to alternative treatments;
- our ability to educate the medical community about the safety and effectiveness of the product;
- the experience of clinicians with other potential treatments that use red blood cells to deliver therapeutics;
- the coverage and reimbursement policies of government and commercial third-party payors pertaining to the product; and
- the market price of our product relative to competing treatments.

If we are unable to establish sales, marketing and distribution capabilities for our product candidates, whether it be an internal infrastructure or an arrangement with a third party, we may not be successful in commercializing those product candidates if and when they are approved.

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing or distribution of pharmaceutical drugs. To achieve commercial success for eryaspase, including in the United States, for the treatment of pancreatic cancer, as well as eryaspase for the treatment of other indications and any other product candidates for which we may obtain marketing approval, we will need to establish a sales and marketing organization to market or co-promote those products. There are risks involved with establishing our own sales, marketing and distribution capabilities. For example, recruiting and training a sales force in competition with other pharmaceutical or biotechnology companies is expensive and time-consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize products on our own include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians and educate an adequate number of physicians on the benefits of any future products;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more products; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we are unable to establish our own sales, marketing and distribution capabilities and enter into arrangements with third parties to perform these services, our revenue and our profitability, if any, are likely to be lower than if we were to sell, market and distribute any products that we develop ourselves.

Even though we have obtained orphan drug designation from the FDA and EMA for eryaspase for the treatment of pancreatic cancer, we may not be able to obtain orphan drug marketing exclusivity for eryaspase or any of our other product candidates for other indications.

Regulatory authorities in some jurisdictions, including the United States and the European Union, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a drug as an orphan drug if it is intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the United States. Similarly, in Europe, a medicinal product may receive orphan designation under Article 3 of Regulation (EC) 141/2000, as amended. This applies to products that are intended for a life-threatening or chronically debilitating condition and either the condition affects no more than five in 10,000 persons in the European Union when the application is made or the product, without the benefits derived from orphan status, would unlikely generate sufficient return in the European Union to justify the necessary investment. Moreover, in order to obtain orphan designation in the European Union, it is necessary to demonstrate that there

exists no satisfactory method of diagnosis, prevention or treatment of the condition authorized for marketing in the European Union, or if such a method exists, that the product will be of significant benefit to those affected by the condition. The EMA will reassess whether GRASPA continues to meet the criteria for orphan drug designation in the European Union at the time it reviews a marketing authorization application for the product. If the EMA considers that GRASPA no longer meets these criteria, for example, because it does not offer a significant benefit over existing therapies, it may revoke GRASPA's orphan drug designation prior to approval.

The EMA has granted orphan drug designation for GRASPA for the treatment of pancreatic cancer, and the FDA has granted orphan drug designation for eryaspase for the same indication. We may seek orphan drug designation for our other product candidates, and with respect to other indications. Generally, if a drug with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the drug is entitled to a period of marketing exclusivity, which precludes the FDA from approving another marketing application for the same drug for that time period or the EMA or any other medicines regulator in the European Union from approving a similar medicinal product. The applicable period is seven years in the United States and usually 10 years in the European Union. The European Union exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan drug designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be lost if the FDA or EMA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition.

Even if we obtain orphan drug exclusivity for a product candidate, that exclusivity may not effectively protect the candidate from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved, the applicable regulatory authority can subsequently approve another drug for the same condition if it concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. Similarly, if our competitors are able to obtain orphan product exclusivity for their products in the same indications for which we are developing our product candidates, we may not be able to have our products approved by the applicable regulatory authority for a significant period of time.

Even if we obtain marketing approvals for our product candidates, the terms of approvals and ongoing regulation of our products may limit how we market our products, which could materially impair our ability to generate revenues.

Even if we receive regulatory approval for a product candidate, this approval may carry conditions that limit the market for the product or put the product at a competitive disadvantage relative to alternative therapies. For instance, a regulatory approval may limit the indicated uses for which we can market a product or the patient population that may utilize the product or may be required to carry a warning in its labeling and on its packaging. Products with boxed warnings are subject to more restrictive advertising regulations than products without such warnings. These restrictions could make it more difficult to market any product candidate effectively. Accordingly, assuming we receive marketing approval for one or more of our product candidates, we will continue to expend time, money and effort in all areas of regulatory compliance.

Government restrictions on pricing and reimbursement, as well as other healthcare payor cost-containment initiatives, may negatively impact our ability to generate revenues even if we obtain regulatory approval to market a product.

Our ability to commercialize any products successfully also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and other third-party payors, such as private health insurers and health maintenance organizations, determine which medications they will cover and establish reimbursement levels. Assuming we obtain coverage for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. Patients who are prescribed medications for the treatment of their conditions, and their prescribing physicians, generally rely on third-party payors to reimburse all or part of the costs associated with their prescription drugs. Patients are unlikely to use our products unless coverage is provided and reimbursement is adequate to cover all or a significant portion of the cost of our products. Therefore, coverage and adequate reimbursement is critical to new product acceptance. Coverage decisions may depend upon clinical and economic standards that disfavor new drug products when more established or lower cost therapeutic alternatives are already available or subsequently become available.

Government authorities and other third-party payors are developing increasingly sophisticated methods of controlling healthcare costs, such as by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices as a condition of coverage, are using restrictive formularies and preferred drug lists to leverage greater discounts in competitive classes and are challenging the prices charged for medical products. In addition, in the United States, federal programs impose penalties on drug manufacturers in the form of mandatory additional rebates and/or discounts if commercial prices increase at a rate greater than the Consumer Price Index-Urban, and these rebates and/or discounts, which can be substantial, may impact our ability to raise commercial prices. Further, no uniform policy requirement for coverage and reimbursement for drug products exists among third-party payors in the United States. Therefore, coverage and reimbursement for drug products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

The continuing efforts of governments, insurance companies, managed care organizations and other payors of healthcare costs to contain or reduce costs of healthcare may negatively affect our commercialization prospects, including:

- our ability to set a price we believe is fair for our products, if approved;
- our ability to obtain and maintain market acceptance by the medical community and patients;
- our ability to generate revenues and achieve profitability; and
- the availability of capital.

We cannot be sure that coverage and reimbursement will be available for any potential product candidate that we may commercialize and, if reimbursement is available, what the level of reimbursement will be. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. If coverage and reimbursement are not available or reimbursement is available only to limited levels, we may not successfully commercialize any product candidate for which we obtain marketing approval.

In the United States, the ACA is significantly impacting the provision of, and payment for, healthcare. Various provisions of the ACA are designed to expand Medicaid eligibility, subsidize insurance premiums, provide incentives for businesses to provide healthcare benefits, prohibit denials of coverage due to pre-existing conditions, establish health insurance exchanges, and provide additional support for medical research. With regard to pharmaceutical products specifically, the ACA, among other things, expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare prescription drug benefit.

Some of the provisions of the ACA have yet to be implemented, and there have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal or replace certain aspects of the ACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, the U.S. Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have been signed into law. Legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act, or the Tax Act, included a provision which repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." The 2020 federal spending package permanently eliminated, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. The Bipartisan Budget Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to increase from 50 percent to 70 percent the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." On December 14, 2018, a Texas U.S. District Court Judge ruled that ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Act. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. It is unclear how this decision, future decisions, subsequent appeals, and other efforts to repeal and replace ACA will impact ACA and our business.

In addition, both the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012 have instituted, among other things, mandatory reductions in Medicare payments to certain providers. Additional legislative proposals to reform healthcare and government insurance programs, along with the trend toward managed healthcare in the United States, could influence the purchase of medicines and reduce reimbursement and/or coverage of our product candidates, if approved.

Recently, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products. Such scrutiny has resulted in several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the costs of drugs under Medicare and reform government program reimbursement methodologies for drug products. At the federal level, the Trump administration's budget proposal for fiscal year 2021 includes a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. Further, the Trump administration released a "Blueprint", or plan, to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out of pocket costs of drug products paid by consumers. The Department of Health and Human Services, or HHS, has solicited feedback on some of these measures and, has implemented others under its existing authority. For example, in May 2019, CMS issued a final rule to allow Medicare Advantage Plans the option of using step therapy for Part B drugs beginning on January 1, 2020. The final rule codified a CMS policy change that was effective January 1. While some of these and other proposed measures may require authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level,

legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We expect that the ACA, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and lower reimbursement, and in additional downward pressure on the price that we receive for any approved product candidate. Any reduction in reimbursement from Medicare or other government-funded programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our drugs. Moreover, we cannot predict what healthcare reform initiatives may be adopted in the future.

In some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. In addition, in some foreign markets, the pricing of prescription drugs is subject to government control and reimbursement may in some cases be unavailable. The requirements governing drug pricing vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product, may refuse to reimburse a product at the price set by the manufacturer or may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. There can be no assurance that any country that has price controls or reimbursement limitations for biopharmaceutical products will allow favorable reimbursement and pricing arrangements for eryaspase or any of our other product candidates that may be approved. Historically, biopharmaceutical products launched in the European Union do not follow price structures of the United States and generally tend to have significantly lower prices.

We believe that pricing pressures at the federal and state levels in the United States, as well as internationally, will continue and may increase, which may make it difficult for us to sell our potential product candidates that may be approved in the future at a price acceptable to us or any third parties with whom we may choose to collaborate.

Any of our product candidates for which we obtain marketing approval could be subject to post-marketing restrictions or withdrawal from the market, and we may be subject to substantial penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products following approval.

Any of our product candidates for which we obtain marketing approval, as well as the manufacturing processes, post-approval studies and measures, labeling, advertising and promotional activities for such products, among other things, will be subject to continual requirements of and review by the EMA, FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. Even if marketing approval of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, including the FDA requirement to implement a REMS to ensure that the benefits of a drug or biological product outweigh its risks.

The EMA and FDA may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of a product, such as long-term observational studies on natural exposure. The FDA and other agencies, including the Department of Justice, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are manufactured, marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. The EMA and FDA impose stringent restrictions on manufacturers' communications regarding off-label use and if we do not market any of our product candidates for which we receive marketing approval for only their approved indications, we may be subject to warnings or enforcement action for off-label marketing. Violation of the Federal Food, Drug and Cosmetic Act, or FDCA, and other statutes, including the civil False Claims Act, relating to the promotion and advertising of prescription drugs may lead to investigations or allegations of violations of federal and state health care fraud and abuse laws and state consumer protection laws.

The EMA, FDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of drugs for off-label uses. If we are found to have improperly promoted off-label use, we may become subject to significant liability.

The EMA, FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription drug products, such as our product candidates, if approved. In particular, a product may not be promoted for uses that are not approved by the EMA, FDA or such other regulatory agencies as reflected in the product's approved labeling. However, we may share truthful and not misleading information that is otherwise consistent with the product's approved labeling. For example, if we receive marketing approval for eryaspase, physicians, in their professional medical judgment, may nevertheless prescribe eryaspase to their patients in a manner that is inconsistent with the approved label. If we are found to have promoted such off-label use, we may become subject to significant liability under the FDCA and other statutory authorities, such as laws prohibiting false claims for reimbursement. The federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined

several companies from engaging in off-label promotion. The FDA has also requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. If we cannot successfully manage the promotion of our products, if approved, we could become subject to significant liability, which would harm our reputation and negatively impact our financial condition.

Our future growth depends, in part, on our ability to penetrate foreign markets, where we would be subject to additional regulatory burdens and other risks and uncertainties.

Our future profitability will depend, in part, on our ability to commercialize our product candidates in markets within and without the United States and Europe. If we commercialize our product candidates in foreign markets, we would be subject to additional risks and uncertainties, including:

- economic weakness, including inflation, or political instability in particular economies and markets;
- the burden of complying with complex and changing foreign regulatory, tax, accounting and legal requirements, many of which vary between countries;
- different medical practices and customs in foreign countries affecting acceptance in the marketplace;
- tariffs and trade barriers;
- other trade protection measures, import or export licensing requirements or other restrictive actions by U.S. or foreign governments;
- longer accounts receivable collection times;
- longer lead times for shipping;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is common;
- language barriers for technical training;
- reduced protection of intellectual property rights in some foreign countries, and related prevalence of generic alternatives to therapeutics;
- foreign currency exchange rate fluctuations and currency controls;
- differing foreign reimbursement landscapes;
- uncertain and potentially inadequate reimbursement of our products; and
- the interpretation of contractual provisions governed by foreign laws in the event of a contract dispute.

Foreign sales of our products could also be adversely affected by the imposition of governmental controls, political and economic instability, trade restrictions and changes in tariffs.

Adverse market and economic conditions may exacerbate certain risks associated with commercializing our product candidates.

Future sales of our product candidates, it they are approved, will be dependent on purchasing decisions of and reimbursement from government health administration authorities, distributors and other organizations. As a result of adverse conditions affecting the global economy and credit and financial markets, including disruptions due to political instability or otherwise, these organizations may defer purchases, may be unable to satisfy their purchasing or reimbursement obligations, or may delay payment for eryaspase or any of our product candidates that are approved for commercialization in the future. In addition, there have been concerns for the overall stability and suitability of the euro as a single currency given the economic and political challenges facing individual Eurozone countries. Continuing deterioration in the creditworthiness of Eurozone countries, the withdrawal of one or more member countries from the European Union, or the failure of the euro as a common European currency or an otherwise diminished value of the euro could materially and adversely affect our future product revenue from European sales of our products.

Risks Related to the Production and Manufacturing of our Product Candidates and Future Products, if Any

Our production capacity could prove insufficient for our needs.

Our production capacity may prove insufficient in the future to meet the growth of our business, including producing sufficient quantities of product candidates for preclinical studies, clinical trials and, ultimately, our customers and distributors. For instance, we have initiated a Phase 3 clinical trial in Europe and the United States in patients with second-line metastatic pancreatic cancer.

Although we have extended our production capacity for our current clinical trials and a potential commercial launch, if approved, with the construction of a manufacturing facility in Princeton, New Jersey and the extension of our manufacturing facility in Lyon, France, there is no guarantee that we will or have properly estimated our required manufacturing capacities in or outside of the United States and Europe or that the third parties we rely on to provide required machinery and materials for the manufacturing process will be able to perform on our proposed timelines or meet our manufacturing demands, if at all. Also, if we must increase production capacity for any reason, we may need to make considerable investments that could lead to significant financing needs or require us to enter into subcontracting agreements in order to outsource part of the production.

We may not have access to the raw materials and other components, including asparaginase and red blood cells, necessary for the manufacturing of our product candidates.

We are dependent on third parties for the supply of various materials that are necessary to produce our product candidates for clinical trials.

With respect to eryaspase, we rely on Medac GmbH, or Medac, for the supply of asparaginase. Since we rely on a single-source supplier for asparaginase, if our agreement with Medac GmbH were to be terminated or if this supplier is unable to meet our demands for asparaginase, we could experience delays in our research or planned clinical trials or commercialization. We could be unable to find alternative suppliers of acceptable quality, in the appropriate volumes and at an acceptable cost.

With regard to the supply of red blood cells, we rely on the New York Blood Center and the American Red Cross in the United States and the French Blood Agency (*Établissement Français du Sang*) and the German Red Cross Blood Donor Service in Europe. The French Blood Agency (*Établissement Français du Sang*) is the sole operator in its territory for blood transfusions and is in charge of satisfying national needs for blood products. Although we have entered into agreements with the New York Blood Center, the American Red Cross, the French Blood Agency (*Établissement Français du Sang*) and the German Red Cross Blood Donor Service related to the supply of those materials, the supply could be reduced or interrupted at any time. In such case, we may not be able to find other suppliers of acceptable materials in appropriate quantities at an acceptable cost. If we lose key suppliers or the supply of materials is diminished or discontinued, or in the event of a major or international crisis impacting blood banks and the practice of blood donation, we may not be able to continue to develop, manufacture and market our product candidates or products in a timely and competitive manner.

In addition, these materials are subject to stringent manufacturing processes and rigorous testing. Delays in the completion and validation of facilities and manufacturing processes of these materials could adversely affect our ability to complete trials and commercialize our products in a cost-effective and timely manner. If we encounter difficulties in the supply of these materials, chemicals or biological products, or if we were not able to maintain our supply agreements or establish new supply agreements in the future, our product development and our business prospects could be significantly compromised.

Our manufacturing facilities are subject to significant government regulations and approvals. If we or our third-party manufacturers fail to comply with these regulations or maintain these approvals, our business will be materially harmed.

We currently manufacture our product candidates for use in Europe in our facility in Lyon, France. In addition, we have entered into agreements with the American Red Cross, the French Blood Agency (*Établissement Français du Sang*), the German Red Cross Blood Donor Service and the New York Blood Center to produce eryaspase for use in our clinical trials in Europe and in the United States and we built a U.S. manufacturing facility in Princeton, New Jersey, which began producing eryaspase for use in our U.S clinical trials in the fourth quarter of 2019. We also have an agreement with Medac to provide us with L-asparaginase for use in our production of eryaspase. We and our third-party manufacturers are subject to ongoing regulation and periodic inspection by the EMA, FDA and other regulatory bodies to ensure compliance with current Good Manufacturing Practices, or cGMP, as part of our clinical trials. Any failure to follow and document our or their adherence to such cGMP regulations or other regulatory requirements may lead to significant delays in the availability of products for commercial sale or clinical trials, may result in the termination of or a hold on a clinical trial, or may delay or prevent filing or approval of marketing applications for our products.

Failure to comply with applicable regulations could also result in the EMA, FDA or other applicable regulatory authorities taking various actions, including:

- levying fines and other civil penalties;
- imposing consent decrees or injunctions;
- requiring us to suspend or put on hold one or more of our clinical trials;
- suspending or withdrawing regulatory approvals;

- delaying or refusing to approve pending applications or supplements to approved applications;
- requiring us to suspend manufacturing activities or product sales, imports or exports;
- requiring us to communicate with physicians and other customers about concerns related to actual or potential safety, efficacy, and other issues involving our products;
- mandating product recalls or seizing products;
- imposing operating restrictions; and
- seeking criminal prosecutions.

Any of the foregoing actions could be detrimental to our reputation, business, financial condition or operating results. Furthermore, our key suppliers may not continue to be in compliance with all applicable regulatory requirements, which could result in our failure to produce our products on a timely basis and in the required quantities, if at all. In addition, before any additional products would be considered for marketing approval in the United States, Europe or elsewhere, our suppliers will have to pass an audit by the applicable regulatory agencies. We are dependent on our suppliers' cooperation and ability to pass such audits, and the audits and any audit remediation may be costly. Failure to pass such audits by us or any of our suppliers would affect our ability to commercialize our product candidates in the United States, Europe or elsewhere.

Our production costs may be higher than we currently estimate.

We manufacture our product candidates according to manufacturing best practices applicable to drugs for clinical trials and to specifications approved by the applicable regulatory authorities. If any of our products are found to be non-compliant, we would be required to manufacture the product again, which would entail additional costs and may prevent delivery of the product to patients on time.

Other risks inherent in the production process may have the same effect, such as:

- contamination of the controlled atmosphere area;
- unusable premises and equipment;
- new regulatory requirements requiring a partial and/or extended stop to the production unit to meet the requirements;
- unavailable qualified personnel;
- power failure of extended duration;
- logistical error; and
- rupture in the cold chain, which is a system for storing and transporting blood and blood products within the correct temperature range and conditions.

In addition, a rise in direct or indirect energy rates may increase product manufacturing and logistical costs. Any of these risks, should they occur, could disrupt our activities and compromise our financial position, results, reputation or growth.

Risks Related to Our Employees and Business

We may encounter difficulties in managing our growth, which could disrupt our operations.

As of December 31, 2019, we had 214 full-time equivalent employees, and we expect to increase our number of employees and the scope of our operations. To manage our development and expansion, including the potential commercialization of our product candidates in Europe and the United States, we will need to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Also, our management may need to divert a disproportionate amount of its attention away from its day-to-day activities and devote a substantial amount of time to managing these development activities. Due to our limited resources, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. This may result in weaknesses in our infrastructure, give rise to operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. The physical expansion of our operations may lead to significant costs and may divert financial resources from other projects, such as the development of our product candidates. If our management is unable to effectively manage our expected development and expansion, our expenses may increase more than expected, our ability to generate or increase our revenue could be reduced and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize our product candidates, if approved, and compete effectively will depend, in part, on our ability to effectively manage the future development and expansion of our company.

We depend on qualified management personnel and our business could be harmed if we lose key personnel and cannot attract new personnel.

Our success depends to a significant degree upon the technical and management skills of our senior management team. The loss of the services of any of these individuals could have a material adverse effect on our ability to achieve our corporate objectives and successfully execute our business plan. Although we have implemented an executive compensation policy that includes variable compensation based on performance as well as share-based compensation plans for the benefit of our key employees, we cannot guarantee that this policy will be sufficient to retain these key employees. Our success also will depend upon our ability to attract and retain additional qualified management, marketing, technical, and sales executives and personnel. We compete for key personnel against numerous companies, including larger, more established companies with significantly greater financial resources than we possess. There can be no assurance that we will be successful in attracting or retaining such personnel, and the failure to do so, could harm our operations and our growth prospects.

Our failure to maintain certain tax benefits applicable to French biopharmaceutical companies may adversely affect our results of operations, our cash flows and our financial condition.

As a French biopharmaceutical company, we have benefited from certain tax advantages, including, for example, the CIR, which is a French tax credit aimed at stimulating research and development. The CIR can be offset against French corporate income tax due and the portion in excess, if any, may be refunded. The CIR is calculated based on our claimed amount of eligible research and development expenditures in France and amounted to €3.2 million, €4.4 million and €3.9 million for the years ended December 31, 2017, 2018 and 2019, respectively. The French tax authorities, with the assistance of the Research and Higher Education Ministry, may audit each research and development program in respect of which a CIR benefit has been claimed and assess whether such program qualifies in its view for the CIR benefit. The French tax authorities may challenge our eligibility for, or our calculation of, certain tax reductions or deductions in respect of our research and development activities. Should the French tax authorities be successful, the CIR representing the majority of the our operating revenues (74% of revenues for the year ended December 31, 2019 and more than 90% for the years ended December 31, 2017 and December 31, 2018), our credits may be reduced, which would have a negative impact on our results of operations and future cash flows. We believe, due to the nature of our business operations, that we will continue to be eligible to receive the CIR tax credit. However, if the French Parliament decides to eliminate, or to reduce the scope or the rate of, the CIR benefit, either of which it could decide to do at any time, our results of operations could be adversely affected.

The COVID-19 coronavirus could adversely impact our business, including our clinical trials.

In December 2019, a novel strain of coronavirus, COVID-19, was reported to have surfaced in Wuhan, China. Since then, the COVID-19 coronavirus has spread to multiple countries, including France and the United States, including countries in which we have planned or ongoing clinical trials. If the COVID-19 coronavirus continues to spread in France and the United States, we may experience disruptions that could severely impact our business and clinical trials, including:

- delays or difficulties in enrolling patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;

- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- interruption of key clinical trial activities, such as clinical trial site monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others; and
- limitations in employee resources that would otherwise be focused on the conduct of our clinical trials, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people.

For our clinical trials that are being conducted in countries which are experiencing heightened impact from the COVID-19 coronavirus, in addition to the risks listed above, we may also experience the following adverse impacts:

- delays in receiving approval from local regulatory authorities to initiate our planned clinical trials;
- delays in clinical sites receiving the supplies and materials needed to conduct our clinical trials;
- interruption in global shipping that may affect the transport of clinical trial materials, such as investigational drug product and comparator drugs used in our clinical trials;
- changes in local regulations as part of a response to the COVID-19 coronavirus outbreak which may require us to change the ways in which our clinical trials are conducted, which may result in unexpected costs, or to discontinue the clinical trials altogether;
- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees; and
- refusal of the EMA or the FDA to accept data from clinical trials in these affected geographies.

The global outbreak of the COVID-19 coronavirus continues to rapidly evolve. The extent to which the COVID-19 coronavirus may impact our business and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in the European Union, the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the European Union, the United States and other countries to contain and treat the disease. Further, the adverse effect on the financial markets, on the market price of our ADSs and/or ordinary shares, is unknown. To date, the global economy remains heavily impacted by the outbreak of the COVID-19 coronavirus.

Our business may become subject to economic, political, regulatory and other risks associated with international operations.

We are a company based in France with international operations, including in the United States. A significant portion of our suppliers and collaborative and clinical trial relationships are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including:

- economic weakness, including inflation, or political instability in particular non-U.S. economies and markets;
- differing regulatory requirements for drug approvals in non-U.S. countries;
- differing jurisdictions could present different issues for securing, maintaining or obtaining freedom to operate in such jurisdictions;
- potentially reduced protection for intellectual property rights;
- difficulties in compliance with non-U.S. laws and regulations;
- changes in non-U.S. regulations and customs, tariffs and trade barriers;
- changes in non-U.S. currency exchange rates of the euro and currency controls;
- changes in a specific country's or region's political or economic environment, including the withdrawal of the United Kingdom from the EU;
- trade protection measures, import or export licensing requirements or other restrictive actions by U.S. or non-U.S. governments;

- differing reimbursement regimes and price controls in certain non-U.S. markets;
- negative consequences from changes in tax laws;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires, or public health emergencies, such as the novel COVID-19 coronavirus.

Recent developments relating to the United Kingdom's withdrawal from the European Union could adversely affect us.

The United Kingdom held a referendum on June 23, 2016, in which a majority voted for the withdrawal of the United Kingdom from the European Union, or EU, commonly known as 'Brexit'. As a result of this vote, on March 29, 2017, the United Kingdom officially started the separation process and commenced negotiations to determine the terms of the withdrawal of the United Kingdom from the EU as well as its relationship with the EU. On January 31, 2020, the United Kingdom officially withdrew from the EU. The United Kingdom and the EU are currently in a transition period during which the United Kingdom and the EU are negotiating additional arrangements, including their future trading arrangement. The United Kingdom has stated that it wants the transition period to expire, and the future trading terms to be agreed, by December 31, 2020. During the transition period the existing rules on trade, travel, and business for the United Kingdom and EU continue to apply.

The effects of Brexit are expected to be far-reaching and will depend on any agreements (or lack thereof) between the United Kingdom and the EU and, in particular, any arrangements for the United Kingdom to retain access to EU markets after the transitional period expires. Given the level of uncertainty, caused by Brexit, and the perception as to its potential impact, business activity and economic conditions in the United Kingdom, Europe and globally may be adversely affected, and Brexit could continue to contribute to instability in global financial and foreign exchange markets, asset valuations and credit ratings. Brexit could also have the effect of disrupting and potentially ending the free movement of goods, services and people between the United Kingdom and the EU, which may negatively affect our operations together with those of our customers and suppliers, particularly those which are based in the United Kingdom. For example, we are conducting clinical trials at certain sites in the United Kingdom for which we must supply eryaspase. We may face difficulties in having our clinical supply for these trials imported into the United Kingdom which could render it unavailable for use in our clinical trials or would force us to set up a new production facility in the United Kingdom. We could also face difficulties in obtaining a specific MAA in the United Kingdom. This may force us to stop development in the United Kingdom and/or give up our intention to register any potential product in the United Kingdom.

In addition, we expect that Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which EU laws to replicate or replace. If the United Kingdom were to significantly alter its regulations affecting our product candidates, we could face significant new costs. It may also be time-consuming and expensive for us to alter our internal operations in order to comply with new regulations and our product candidates may need to undergo a registration process in the United Kingdom in the future. Altered or divergent regulations could also add time and expense to the process by which our product candidates receive and maintain regulatory approval in the United Kingdom and EU.

Similarly, it is unclear at this time what impact Brexit will have on our intellectual property rights and the process for obtaining, maintaining, defending and enforcing such rights. For example, whilst current guidance provided by the U.K. government suggests that trademarks granted by the EU, known as EU Trade Marks or EUTMs, will continue to be protected in the United Kingdom after Brexit, it is unclear whether we will be required to refile our trademarks and other intellectual property applications domestically in the United Kingdom and whether any other steps will be required for us to protect our trade-marks in the United Kingdom in the future. As a result of Brexit, other European countries may seek to conduct referenda with respect to their continuing membership in the EU. Given these possibilities and others we may not anticipate, as well as the lack of comparable precedent, we cannot be certain of the full extent to which Brexit could adversely affect our business, results of operations and financial condition.

Our business may be exposed to foreign exchange risks.

Owing to the international scope of our operations, fluctuations in exchange rates, particularly between the euro and the U.S. dollar, may adversely affect us. Although we are based in the France, we source research and development, manufacturing, consulting and other services from the United States as well as other countries outside the European Union. We incur some of our expenses, and may in the future derive revenues, in currencies other than the euro. In particular, as we expand our operations, our manufacturing and conduct clinical trials in the United States, we will incur an increased amount of expenses in U.S. dollars. We also received and currently hold a portion of the net proceeds from our 2017 global offering in U.S. dollars. As a result, we are exposed to foreign currency exchange risk as our results of operations and cash flows are subject to fluctuations in foreign currency exchange rates. For

example, an increase in the value of the euro against the U.S. dollar could have a negative impact on our revenue and earnings growth as U.S. dollar revenue and earnings, if any, are translated into euros at a reduced value. We cannot predict the impact of foreign currency fluctuations, and foreign currency fluctuations in the future may adversely affect our financial condition, results of operations and cash flows. The ADSs sold in the U.S. portion of our 2017 global offering were quoted in U.S. dollars on the Nasdaq Global Select Market, while our ordinary shares (including those sold in the European private placement and the underlying ordinary shares of the ADSs sold in the U.S. offering) trade in euros on Euronext Paris. Our financial statements are prepared in euros. Therefore, fluctuations in the exchange rate between the euro and the U.S. dollar will also affect, among other matters, the value of our ordinary shares and ADSs.

We may use hazardous chemicals and biological materials in our business. Any claims relating to improper handling, storage or disposal of these materials could be time-consuming and costly.

Our research and development processes involve the controlled use of hazardous materials, including chemicals and biological materials. We cannot eliminate the risk of accidental contamination or discharge and any resultant injury from these materials. We may be sued for any injury or contamination that results from our use or the use by third parties of these materials, and our liability may exceed any insurance coverage and our total assets. French and U.S. federal, state, local or foreign laws and regulations govern the use, manufacture, storage, handling and disposal of these hazardous materials and specified waste products, as well as the discharge of pollutants into the environment and human health and safety matters. Compliance with environmental laws and regulations may be expensive and may impair our research and development efforts. If we fail to comply with these requirements, we could incur substantial costs, including civil or criminal fines and penalties, clean-up costs or capital expenditures for control equipment or operational changes necessary to achieve and maintain compliance. In addition, we cannot predict the impact on our business of new or amended environmental laws or regulations or any changes in the way existing and future laws and regulations are interpreted and enforced.

Product liability and other lawsuits could divert our resources, result in substantial liabilities and reduce the commercial potential of our product candidates.

Although we comply with cGMP, and Good Clinical Practices, or GCPs, the risk that we may be sued on product liability claims is inherent in the development and commercialization of biopharmaceutical products. Side effects of, or manufacturing defects in, products that we develop could result in the deterioration of a patient's condition, injury or even death. Our liability could be sought after by patients participating in the clinical trials in the context of the development of the therapeutic products tested and unexpected side effects resulting from the administration of these products. For example, we reported adverse events in our Phase 2b clinical trial of second-line treatment of patients with metastatic pancreatic cancer compared to treatment with chemotherapy alone. The percentage of patients with at least one adverse event reported as grade 3 or 4 (*i.e.*, most commonly, increased gamma glutamyl transferase, neutropenia, deterioration of general health and anemia) amounted to 79% in the eryaspase treatment arm, versus 86% in the control arm, and the percentage of patients with at least one reported severe adverse event (*i.e*., most commonly, deterioration in general health and gastrointestinal hemorrhage) amounted to 45% in the eryaspase treatment arm versus 50% in the control arm.

Once a product is approved for sale and commercialized, the likelihood of product liability lawsuits increases. Criminal or civil proceedings might be filed against us by patients, regulatory authorities, biopharmaceutical companies and any other third party using or marketing our products. These actions could include claims resulting from acts by our partners, licensees and subcontractors, over which we have little or no control. These lawsuits may divert our management from pursuing our business strategy and may be costly to defend. In addition, if we are held liable in any of these lawsuits, we may incur substantial liabilities and may be forced to limit or forgo further commercialization of the affected products.

We maintain product liability insurance coverage for our clinical trials at levels which we believe are appropriate for our clinical trials. Nevertheless, our insurance coverage may be insufficient to reimburse us for any expenses or losses we may suffer. In addition, in the future, we may not be able to obtain or maintain sufficient insurance coverage at an acceptable cost or to otherwise protect against potential product or other legal or administrative liability claims by us or our collaborators, licensees or subcontractors, which could prevent or inhibit the commercial production and sale of any of our product candidates that receive regulatory approval. Product liability claims could also harm our reputation, which may adversely affect our ability to commercialize our products successfully.

Our internal computer systems, or those of our third-party contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development programs.

Despite the implementation of security measures, our internal computer systems and those of our third-party contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we do not believe that we have experienced any such system failure, accident or security breach to date, including cybersecurity incidents, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs. For example, the loss of clinical trial data for our product candidates could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the lost data. To the extent that any disruption or security breach results in a loss of or damage to our data or applications or other data or applications relating to our technology or product candidates, or inappropriate disclosure of confidential or proprietary information, we could incur liabilities and the further development of our product candidates could be delayed. As these threats continue to evolve, particularly around

cybersecurity, we may be required to expend significant resources to enhance our control environment, processes, practices and other protective measures. Despite these efforts, such events could materially adversely affect our business, financial condition or results of operations.

We may acquire businesses or products, or form strategic alliances, in the future, and we may not realize the benefits of such acquisitions.

Our current growth strategy does not involve plans to acquire companies or technologies facilitating or enabling us to access to new medicines, new research projects, or new geographical areas, or enabling us to express synergies with our existing operations. However, if such acquisitions were to become necessary in the future, we may not be able to identify appropriate targets or make acquisitions under satisfactory conditions, in particular, satisfactory price conditions. In addition, we may be unable to obtain the financing for these acquisitions on favorable terms, which could require us to finance these acquisitions using our existing cash resources that could have been allocated to other purposes. If we acquire businesses with promising markets or technologies, we may not be able to realize the benefit of acquiring such businesses if we are unable to successfully integrate them with our existing operations and company culture. We may encounter numerous difficulties in developing, manufacturing and marketing any new products resulting from a strategic alliance or acquisition that delay or prevent us from realizing their expected benefits or enhancing our business. We cannot assure you that, following any such acquisition, we will achieve the expected synergies to justify the transaction.

European data processing is governed by restrictive regulations governing the collection, processing, and cross-border transfer of personal data.

The collection and use of personal data in the European Union is governed by the provisions of the General Data Protection Regulation ((EU) 2016/679), or GDPR. This legislation imposes requirements relating to having legal bases for processing personal data relating to identifiable individuals and transferring such data outside the European Economic Area including to the United States, providing details to those individuals regarding the processing of their personal data, keeping personal data secure, having data processing agreements with third parties who process personal data, responding to individuals' requests to exercise their rights in respect of their personal data, reporting security breaches involving personal data to the competent national data protection authority and affected individuals, appointing data protection officers, conducting data protection impact assessments and record-keeping. The GDPR imposes additional responsibilities and liabilities in relation to personal data that we process and we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules. Furthermore, specific national rules may apply to data processing for medical research purposes, potentially involving formalities by the national Data Protection Authorities. Failure to comply with the requirements of the GDPR and related national data protection laws of the member states of the European Union may result in substantial fines, other administrative penalties and civil claims being brought against us, which could have a material adverse effect on our business, results of operations and financial condition. Moreover, in some European countries, including France, the hosting of personal health data must be carried out by specifically certified hosting service providers. The absence or suspension of the appropriate certification of such hosting service provider may adversely affect our business, or even lead to penalties related to breach of security of personal data.

We are subject to U.S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws, and anti-money laundering laws and regulations. Compliance with these legal standards could impair our ability to compete in domestic and international markets. We can face criminal liability and other serious consequences for violations, which can harm our business.

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors, and other collaborators from authorizing, promising, offering, or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We may engage third parties to sell our products sell our products outside the United States, to conduct clinical trials, and/or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities, and other organizations. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors, and other collaborators, even if we do not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences.

Risks Related to Other Legal Compliance Matters

We are subject to anti-bribery, anti-kickback, fraud and abuse and other healthcare laws and regulations which may require substantial compliance efforts and could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings, among other penalties.

Healthcare providers, physicians and others will play a primary role in the recommendation and prescription of our products, if approved. Our business operations in the United States and our arrangements with clinical investigators, healthcare providers, consultants, third party payors and patients may expose us to broadly applicable federal and state anti-bribery fraud and abuse and other healthcare laws. These laws may impact, among other things, our research, proposed sales, marketing and education programs of our product candidates that obtain marketing approval. Restrictions under applicable U.S. federal, state and foreign healthcare laws and regulations include, but are not limited to, the following:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, including any kickback, bribe or rebate, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase or lease, order or recommendation of, any item, good, facility or service, for which payment may be made under federal healthcare programs such as Medicare and Medicaid;
    - the U.S. federal civil and criminal false claims laws, including the civil False Claims Act, which can be enforced by individuals, on behalf of the government, through civil whistleblower or qui tam actions, and civil monetary penalties laws prohibits individuals or entities from, among other things, knowingly presenting, or causing to be presented, claims for payment that are false or fraudulent or making a false statement to avoid, decrease, or conceal an obligation to pay money to the federal government;
- the U.S. federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional federal, civil and criminal statutes that impose criminal and civil liability for, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or knowingly and willingly falsifying, concealing or covering up a material fact or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their implementing regulations, which impose requirements on certain healthcare providers, health plans and healthcare clearinghouses, known as “covered entities,” and persons or entities that perform functions or activities that involve individually identifiable health information on behalf of a covered entity, known as “business associates,” including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- U.S. federal transparency requirements under the Physician Payments Sunshine Act, enacted as part of the ACA, that require applicable manufacturers of covered drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid, or the Children’s Health Insurance Program, with specific exceptions, to track and annually report to the CMS payments and other transfers of value provided to physicians, as defined by such law, and teaching hospitals, and certain ownership and investment interests held by physicians or their immediate family members;
- analogous state or foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to items or services reimbursed by any third-party payor, including commercial insurers, state marketing and/or transparency laws applicable to manufacturers that may be broader in scope than the federal requirements, state laws that require biopharmaceutical companies to comply with the biopharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures, or drug pricing, state and local laws that require the registration of pharmaceutical sales representatives, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect as HIPAA, thus complicating compliance efforts;
- GDPR, the local EU data protection laws, and other ex-U.S. protections;
- the French “transparency” provisions, or “French Sunshine Act” (Articles L. 1453-1 and D. 1453-1 and seq. PHC), which contains provisions regarding transparency of fees received by some healthcare professionals from industries, such as companies manufacturing or marketing healthcare products (medicinal products, medical devices, etc.) in France. According to the provisions, these companies shall publicly disclose (on a specific public website available at www.entreprises-transparence.sante.gouv.fr) the advantages and fees paid to healthcare professionals amounting to €10 or above, as well as the agreements concluded with the latter, along with detailed information about each agreement (the precise subject matter of the agreement, the date of signature of the agreement, its end date, the total amount paid to the healthcare professional, etc.); and
- the French “anti-gift” provisions (Articles L.1453-3 to L.1453-12 PHC), setting out a general prohibition of payments and rewards from industries, i.e. companies manufacturing or marketing health products, to healthcare professionals, with limited exceptions and strictly defines the conditions under which such payments or awards are lawful.

Ensuring that our business arrangements with third parties comply with applicable healthcare laws and regulations will likely be costly. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations were found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, possible exclusion from government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could substantially disrupt our operations. If the physicians or other providers or entities with whom we expect to do business are found not to be in compliance with applicable laws, they may be subject to significant criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our research and development activities involve the use of biological and hazardous materials and produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials, which could cause an interruption of our commercialization efforts, research and development efforts and business operations, environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. Although we believe that the safety procedures utilized by our third-party manufacturers for handling and disposing of these materials generally comply with the standards prescribed by these laws and regulations, we cannot guarantee that this is the case or eliminate the risk of accidental contamination or injury from these materials. In such an event, we may be held liable for any resulting damages and such liability could exceed our resources and state or federal or other applicable authorities may curtail our use of certain materials and/or interrupt our business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. We cannot predict the impact of such changes and cannot be certain of our future compliance. In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Although we maintain professional liability insurance which cover for costs and expenses we may incur due to environmental liability that may be asserted against us or due to injuries to our employees resulting from the use of hazardous materials, may not provide adequate coverage against potential liabilities.

Our employees may engage in misconduct or other improper activities, including violating applicable regulatory standards and requirements or engaging in insider trading, which could significantly harm our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with legal requirements or the requirements of CMS, EMA, FDA and other government regulators, provide accurate information to applicable government authorities, comply with fraud and abuse and other healthcare laws and regulations in the United States and abroad, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of, including trading on, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We have adopted a Code of Business Conduct and Ethics, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may be ineffective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, possible exclusion from government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations.

Future changes to tax laws could materially adversely affect our company and reduce net returns to our shareholders.

Our tax treatment is subject to the enactment of, or changes in, tax laws, regulations and treaties, or the interpretation thereof, tax policy initiatives and reforms under consideration and the practices of tax authorities in jurisdictions in which we operate, including

those related to the Organization for Economic Co-Operation and Development's, or OECD, Base Erosion and Profit Shifting, or BEPS, Project, the European Commission's state aid investigations and other initiatives. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid. We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our financial position and overall or effective tax rates in the future in countries where we have operations, reduce post-tax returns to our shareholders, and increase the complexity, burden and cost of tax compliance.

For example, the Tax Act enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Act may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. In addition, it is uncertain if and to what extent various states will conform to the Tax Act or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Act or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense. We urge you to consult with your legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our common shares.

For U.S. tax purposes, our ability to use our net operating loss carryforwards to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the U.S. Internal Revenue Code, or the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating loss carryforwards, or NOLs, to offset future taxable income. We have not performed a detailed analysis to determine whether an ownership change under Section 382 of the Code has occurred after each of our previous issuances of ordinary shares. In addition, if we underwent an ownership change in the past, our ability to utilize NOLs could be limited by Section 382 of the Code. Future changes in our share ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. As a result, even if we attain profitability, we may be unable to use a material portion of our NOLs and other tax attributes, which could negatively impact our future cash flows.

Risks Related to Intellectual Property

Our ability to compete may decline if we do not adequately protect our proprietary rights.

Our commercial success depends on obtaining and maintaining proprietary rights to our product candidates and defending these rights against third-party challenges. We will only be able to protect our product candidates and their uses from unauthorized use by third parties to the extent that valid and enforceable patents, or effectively protected trade secrets, cover them. Our ability to obtain patent protection for our product candidates is uncertain due to a number of factors, including:

- we or our licensors may not have been the first to make the inventions covered by pending patent applications or issued patents;
- we or our licensors may not have been the first to file patent applications for our product candidates or the compositions we developed or for their uses;
- others may independently develop identical, similar or alternative products or compositions and uses thereof;
- our or our licensors' disclosures in patent applications may not be sufficient to meet the statutory requirements for patentability;
- any or all of our or our licensors' pending patent applications may not result in issued patents;
- we or our licensors may not seek or obtain patent protection in countries that may eventually provide us a significant business opportunity;
- any patents issued to us or our licensors may not provide a basis for commercially viable products, may not provide any competitive advantages, or may be successfully challenged by third parties;
- our or our licensors' compositions and methods may not be patentable;
- others may design around our patent claims to produce competitive products which fall outside of the scope of our patents; or
- others may identify prior art or other bases which could invalidate our or our licensors' patents.

Even if we have or obtain patents covering our product candidates or compositions, we may still be barred from making, using and selling our product candidates or technologies because of the patent rights of others. Others may have filed, and in the future, may file, patent applications covering compositions or products that are similar or identical to ours. There are many issued U.S. and foreign patents relating to chemical compounds and therapeutic products, and some of these relate to compounds we intend to commercialize. Numerous U.S. and foreign issued patents and pending patent applications owned by others exist in the cancer treatment field in which we are developing products. These could materially affect our ability to develop our product candidates or sell our products if approved. Because patent applications can take many years to issue, there may be currently pending applications unknown to us that may later result in issued patents that our product candidates or compositions may infringe. These patent applications may have priority over patent applications filed by us.

Obtaining and maintaining a patent portfolio entails significant expense and resources. Part of the expense includes periodic maintenance fees, renewal fees, annuity fees, various other governmental fees on patents and/or applications due in several stages over the lifetime of patents and/or applications, as well as the cost associated with complying with numerous procedural provisions during the patent application process. We may not choose to pursue or maintain protection for particular inventions. In addition, there are situations in which failure to make certain payments or noncompliance with certain requirements in the patent process can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If we choose to forgo patent protection or allow a patent application or patent to lapse purposefully or inadvertently, our competitive position could suffer.

Legal actions to enforce our patent rights can be expensive and may involve the diversion of significant management time. In addition, these legal actions could be unsuccessful and could also result in the invalidation of our patents or a finding that they are unenforceable. We may or may not choose to pursue litigation or other actions against those that have infringed on our patents, or used them without authorization, due to the associated expense and time commitment of monitoring these activities. If we fail to protect or to enforce our intellectual property rights successfully, our competitive position could suffer, which could harm our results of operations.

Issued patents covering our product candidates could be found invalid or unenforceable if challenged in court.

If we initiate legal proceedings against a third party to enforce a patent covering our product candidate or technology, the defendant could counterclaim that the patent covering our product candidate or technology is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and unenforceability are commonplace. Grounds for a validity challenge include alleged failures to meet any of several statutory requirements, including lack of novelty, obviousness or non-enablement. Grounds for unenforceability assertions include allegations that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review and/or inter partes review and equivalent proceedings in foreign jurisdictions, and opposition proceedings. Such proceedings could result in revocation or amendment of our patents in such a way that they no longer cover our product candidates or competitive products. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to validity, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates.

Biopharmaceutical patents and patent applications involve highly complex legal and factual questions, which, if determined adversely to us, could negatively impact our patent position.

The patent positions of biopharmaceutical companies can be highly uncertain and involve complex legal and factual questions. The interpretation and breadth of claims allowed in some patents covering biopharmaceutical compositions may be uncertain and difficult to determine and are often affected materially by the facts and circumstances that pertain to the patented compositions and the related patent claims. The standards of the U.S. Patent and Trademark Office, or USPTO, are evolving and could change in the future. Consequently, we cannot predict the issuance and scope of patents with certainty. Patents, if issued, may be challenged, invalidated or circumvented. U.S. patents and patent applications may also be subject to interference proceedings, and U.S. patents may be subject to reexamination proceedings, post-grant review and/or inter partes review in the USPTO. Foreign patents may be subject also to opposition or comparable proceedings in the corresponding foreign patent office, which could result in either loss of the patent or denial of the patent application or loss or reduction in the scope of one or more of the claims of the patent or patent application. In addition, such interference, reexamination, post-grant review, inter partes review and opposition proceedings may be costly. Accordingly, rights under any issued patents may not provide us with sufficient protection against competitive products or processes.

In addition, changes in or different interpretations of patent laws in the United States and foreign countries may permit others to use our or our licensors' discoveries or to develop and commercialize our technology and products without providing any compensation to us, or may limit the number of patents or claims we can obtain. The laws of some countries do not protect intellectual property rights

to the same extent as U.S. laws and those countries may lack adequate rules and procedures for defending our intellectual property rights.

If we fail to obtain and maintain patent protection and trade secret protection for our product candidates, we could lose our competitive advantage and competition we face would increase, reducing any potential revenues and adversely affecting our ability to attain or maintain profitability.

Developments in patent law could have a negative impact on our business.

From time to time, the U.S. Supreme Court, other federal courts, the U.S. Congress, the USPTO or similar foreign authorities may change the standards of patentability and any such changes could have a negative impact on our business. In addition, the Leahy-Smith America Invents Act, or the America Invents Act, which was signed into law in 2011, includes a number of significant changes to U.S. patent law. These changes include a transition from a "first-to-invent" system to a "first-to-file" system, changes to the way issued patents are challenged, and changes to the way patent applications are disputed during the examination process. These changes may favor larger and more established companies that have greater resources to devote to patent application filing and prosecution. The USPTO has developed new regulations and procedures to govern the full implementation of the America Invents Act, and many of the substantive changes to patent law associated with the America Invents Act, and, in particular, the first-to-file provisions, became effective on March 16, 2013. Substantive changes to patent law associated with the America Invents Act, or any subsequent U.S. legislation regarding patents, may affect our ability to obtain patents, and if obtained, to enforce or defend them. Accordingly, it is not clear what, if any, impact the America Invents Act will have on the cost of prosecuting our U.S. patent applications, our ability to obtain U.S. patents based on our discoveries and our ability to enforce or defend any patents that may issue from our patent applications, all of which could have a material adverse effect on our business.

If we do not obtain protection under the Hatch-Waxman Amendments and similar non-U.S. legislation for extending the term of patents covering each of our product candidates, our business may be materially harmed.

Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments, and similar legislation in the European Union. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner. As a result, our revenue from applicable products could be reduced, possibly materially.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to patent protection, because we operate in the highly technical field of development of therapies, we rely in part on trade secret protection in order to protect our proprietary technology and processes. However, trade secrets are difficult to protect. We have entered into confidentiality and intellectual property assignment agreements with our employees, consultants, outside scientific collaborators, sponsored researchers, and other advisors. These agreements generally require that the other party keep confidential and not disclose to third parties all confidential information developed by the party or made known to the party by us during the course of the party's relationship with us. These agreements also generally provide that inventions conceived by the party in the course of rendering services to us will be our exclusive property. However, these agreements may not be honored and may not effectively assign intellectual property rights to us.

In addition to contractual measures, we try to protect the confidential nature of our proprietary information using physical and technological security measures. Such measures may not, for example, in the case of misappropriation of a trade secret by an employee or third party with authorized access, provide adequate protection for our proprietary information. Our security measures may not prevent an employee or consultant from misappropriating our trade secrets and providing them to a competitor, and recourse we take against such misconduct may not provide an adequate remedy to protect our interests fully. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets. Trade secrets may be independently developed by others in a manner that could prevent legal recourse by us. If any of our confidential or proprietary information, such as our trade secrets, were to be disclosed or misappropriated, or if any such information was independently developed by a competitor, our competitive position could be harmed.

We will not seek to protect our intellectual property rights in all jurisdictions throughout the world and we may not be able to adequately enforce our intellectual property rights even in the jurisdictions where we seek protection.

Filing, prosecuting and defending patents on our product candidates in all countries and jurisdictions throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States could be less extensive than those in the United States, assuming that rights are obtained in the United States. Competitors may use our technologies in jurisdictions where we do not pursue and obtain patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Even if we pursue and obtain issued patents in particular jurisdictions, our patent claims or other intellectual property rights may not be effective or sufficient to prevent third parties from so competing.

In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as the federal and state laws in the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection, especially those relating to biopharmaceuticals or biotechnologies. This could make it difficult for us to stop the infringement of our patents, if obtained, or the misappropriation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, we may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries.

Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. In addition, changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our technology and the enforcement of intellectual property. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Third parties may assert ownership to inventions we develop.

Collaborators or third party partners may in the future make claims challenging the inventorship or ownership of our intellectual property developed in the context of their collaboration with us. We have written agreements with collaborators and third party partners that provide us the ownership of intellectual property or provide that we must negotiate certain intellectual property rights with collaborators and third party partners with respect to joint inventions or inventions made by them that arise from the results of the collaboration. In some instances, written provisions or conditions may be challenged or may not be adequate to address clearly the resolution of intellectual property rights that may arise from a collaboration. If we cannot successfully negotiate ownership of intellectual property to the inventions that result from our use of a third-party partner or collaborator's materials where required, or if disputes otherwise arise with respect to the intellectual property developed with the use of a third-party partner or collaborator's samples, we may be limited in our ability to capitalize on the market potential of these inventions. In addition, we may face claims by third parties that our agreements with employees, contractors, or consultants obligating them to assign intellectual property to us are ineffective, or in conflict with prior or competing contractual obligations of assignment, which could result in ownership disputes regarding intellectual property we have developed or will develop and interfere with our ability to capture the commercial value of such inventions. Litigation may be necessary to resolve an ownership dispute, and if we are not successful, we may be precluded from using certain intellectual property, or may lose our exclusive rights in that intellectual property. Either outcome could have an adverse impact on our business.

If we fail to comply with our obligations under license or technology agreements with third parties, we could lose license rights that are critical to our business.

We license intellectual property that is critical to our business, including licenses underlying the technology in our diagnostic tests, and in the future, we may enter into additional agreements that provide us with licenses to valuable intellectual property or technology. These licenses impose various royalty payments, milestones, and other obligations on us. If we fail to comply with any of these obligations, the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could prevent us from distributing our current tests, or inhibit our ability to commercialize future test candidates. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensors fail to prevent infringement by third parties, if the licensed patents or other rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms.

Third parties may assert that our employees or consultants have wrongfully used or disclosed confidential information or misappropriated trade secrets.

We employ individuals who were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, and no such claims against us are currently pending, we may be subject to claims that we or our employees, consultants or independent contractors have used or disclosed intellectual property, including trade secrets or other proprietary information, of a former employer or other third parties. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

A dispute concerning the infringement or misappropriation of our proprietary rights or the proprietary rights of others could be time-consuming and costly, and an unfavorable outcome could harm our business.

There is significant litigation in the biopharmaceutical industry regarding patent and other intellectual property rights. While we are not currently subject to any pending intellectual property litigation, and are not aware of any such threatened litigation, we may be exposed to future litigation by third parties based on claims that our product candidates, technologies or activities infringe the intellectual property rights of others. If our development activities are found to infringe any such patents, we may have to pay significant damages or seek licenses to such patents. A patentee could prevent us from using the patented drugs or compositions. We may need to resort to litigation to enforce a patent issued to us, to protect our trade secrets, or to determine the scope and validity of third-party proprietary rights. From time to time, we may hire scientific personnel or consultants formerly employed by other companies involved in one or more areas similar to the activities conducted by us. Either we or these individuals may be subject to allegations of trade secret misappropriation or other similar claims as a result of prior affiliations. If we become involved in litigation, it could consume a substantial portion of our managerial and financial resources, regardless of whether we win or lose. We may not be able to afford the costs of litigation. Any adverse ruling or perception of an adverse ruling in defending ourselves against these claims could have a negative impact on our cash position. Any legal action against us or our collaborators could lead to:

- payment of damages, potentially treble damages, if we are found to have willfully infringed a party’s patent rights;
- injunctive or other equitable relief that may effectively block our ability to further develop, commercialize, and sell products; or
- us or our collaborators having to enter into license arrangements that may not be available on commercially acceptable terms, if at all.

Any of these outcomes could hurt our cash position and financial condition and our ability to develop and commercialize our product candidates.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we will need to build name recognition by potential partners or customers in our markets of interest. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively.

Risks Related to Ownership of our Securities and our Status as a Non-U.S. Company with Foreign Private Issuer Status

The market price of our equity securities may be volatile or may decline regardless of our operating performance.

The market price for our ADSs and ordinary shares has fluctuated and is likely to continue to fluctuate, substantially. The stock market in general and the market for biopharmaceutical companies in particular have experienced extreme volatility that in some instances is unrelated to the operating performance of particular companies. For example, on the day we announced our positive Phase 2b clinical trial results evaluating eryaspase in metastatic pancreatic cancer in March 2017, the closing price per ordinary share on Euronext Paris increased by 71% compared to the average of the closing price per ordinary share for the previous 20 trading days. Conversely, on the day we announced the discontinuation of our developments in AML in June 2018, the closing price per ordinary share on Euronext Paris decreased by 31% compared to the average of the closing price per ordinary share for the previous 20 trading days. A significant decrease in our share price could have a significant adverse effect on our financial condition, reputation and prospects.

As a result of this volatility in our market and industry, holders of our equity securities may not be able to sell their ADSs or ordinary shares at or above the price originally paid for the security. The market price for our ADSs and ordinary shares may be influenced by numerous factors, some of which are beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- actual or anticipated changes in our growth rate relative to our competitors;
- competition from existing products or new products that may emerge;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations, or capital commitments;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
- issuance of new or updated research or reports by securities analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- share and ADS price and volume fluctuations attributable to inconsistent trading volume levels of our shares and ADSs;
- additions or departures of key management or scientific personnel;
- lawsuits threatened or filed against us, disputes or other developments related to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies;
- changes to coverage policies or reimbursement levels by commercial third-party payors and government payors and any announcements relating to coverage policies or reimbursement levels;
- announcement or expectation of additional debt or equity financing efforts;
- adverse regulatory decisions, including failure to receive regulatory approval for any of our product candidates;
- the termination of a strategic alliance or the inability to establish additional strategic alliances;
- sales of our ordinary shares or ADSs by us, our insiders or our other shareholders; and
- general economic and market conditions.

These and other market and industry factors may cause the market price and demand for our ordinary shares and ADSs to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent holders of our equity securities from readily selling their ordinary shares or ADSs and may otherwise negatively affect the liquidity of the trading market for the ordinary shares and ADSs.

In addition, in the past, stockholders have initiated class action lawsuits against pharmaceutical and biotechnology companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against us, could cause us to incur substantial costs and divert management's attention and resources from our business.

The dual listing of our ordinary shares and our ADSs may adversely affect the liquidity and value of our ordinary shares and ADSs.

Our ADSs are listed on Nasdaq, and our ordinary shares are admitted to trading on Euronext Paris. We cannot predict the effect of this dual listing on the value of our ADSs and ordinary shares. However, the dual listing of our ADSs and ordinary shares may dilute the liquidity of these securities in one or both markets and may adversely affect the trading market or price for our ADSs or ordinary shares.

If we do not achieve our projected development and commercialization goals in the timeframes we announce and expect, our business will be harmed and the price of our securities could decline as a result.

We sometimes estimate for planning purposes the timing of the accomplishment of various scientific, clinical, regulatory and other product development objectives. These milestones may include our expectations regarding the commencement or completion of scientific studies, clinical trials, the submission of regulatory filings, or commercialization objectives. From time to time, we may publicly announce the expected timing of some of these milestones, such as the completion of an ongoing clinical trial, the initiation of other clinical programs, receipt of marketing approval, or a commercial launch of a product. The achievement of many of these milestones may be outside of our control. All of these milestones are based on a variety of assumptions which may cause the timing of achievement of the milestones to vary considerably from our estimates, including:

- our available capital resources or capital constraints we experience;
- the rate of progress, costs and results of our clinical trials and research and development activities, including the extent of scheduling conflicts with participating clinicians and collaborators, and our ability to identify and enroll patients who meet clinical trial eligibility criteria;
- our receipt of approvals by the EMA, FDA and other regulatory agencies and the timing thereof;
- other actions, decisions or rules issued by regulators;
- our ability to access sufficient, reliable and affordable supplies of compounds and raw materials used in the manufacture of our product candidates;
- the efforts of our collaborators with respect to the commercialization of our products; and
- the securing of, costs related to, and timing issues associated with, product manufacturing as well as sales and marketing activities.

If we fail to achieve announced milestones in the timeframes we expect, the commercialization of our product candidates may be delayed, our business and results of operations may be harmed, and the trading price of the ordinary shares and ADSs may decline as a result.

Our ownership is concentrated in the hands of our principal shareholders and ADS holders and management, who continue to be able to exercise a direct or indirect controlling influence on us.

As of December 31, 2019, our executive officers, directors, current 5% or greater shareholders and their respective affiliated entities, including BVF Partners L.P, RA Capital Management LLC and Auriga Ventures III FCPR, together beneficially owned approximately 45% of our ordinary shares (including ordinary shares in the form of ADSs). As a result, these shareholders, acting together, will have significant influence over all matters that require approval by our shareholders, including the election of directors and approval of significant corporate transactions. Corporate action might be taken even if other shareholders oppose them. This concentration of ownership might also have the effect of delaying or preventing a change of control of our company that other shareholders may view as beneficial.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the price of the ordinary shares and ADSs and their trading volume could decline.

The trading market for the ADSs and ordinary shares depends in part on the research and reports that securities or industry analysts publish about us or our business. If no or few securities or industry analysts cover our company, the trading price for the ADSs and ordinary shares would be negatively impacted. If one or more of the analysts who covers us downgrades our equity securities or publishes incorrect or unfavorable research about our business, the price of the ordinary shares and ADSs would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, or downgrades our securities, demand for the ordinary shares and ADSs could decrease, which could cause the price of the ordinary shares and ADSs or their trading volume to decline.

We do not currently intend to pay dividends on our securities and, consequently, the ability of our shareholders and ADS holders to achieve a return on investment will depend on appreciation in the price of the ordinary shares and ADSs. In addition, French law may limit the amount of dividends we are able to distribute.

We have never declared or paid any cash dividends on our share capital and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, our shareholders and ADS holders are not likely to receive any dividends for the foreseeable future and any increase in value will depend solely upon future appreciation. Consequently, holders of our equity securities may need to sell all or part of their holdings of ordinary shares or ADSs after price appreciation, which may never occur, as the only way to realize any future gains.

Further, under French law, the determination of whether we have been sufficiently profitable to pay dividends is made on the basis of our statutory financial statements prepared and presented in accordance with accounting standards applicable in France. In addition, payment of dividends may subject us to additional taxes under French law. Please see the section of this Annual Report titled "Item 10.B—Memorandum and Articles of Association" for further details on the limitations on our ability to declare and pay dividends and the taxes that may become payable by us if we elect to pay a dividend. Therefore, we may be more restricted in our ability to declare dividends than companies not based in France.

In addition, exchange rate fluctuations may affect the amount of euros that we are able to distribute, and the amount in U.S. dollars that our shareholders receive upon the payment of cash dividends or other distributions we declare and pay in euros, if any. These factors could harm the value of our equity securities, and, in turn, the U.S. dollar proceeds that holders receive from the sale of ADSs.

Future sales, or the possibility of future sales, of a substantial number of our ADSs or ordinary shares could adversely affect the market price of our ADSs and ordinary shares.

Future sales of a substantial number of our ADSs or ordinary shares, or the perception that such sales will occur, could cause a decline in the market price of our ADSs and/or ordinary shares. Sales in the United States of our ADSs and ordinary shares held by our directors, officers and affiliated shareholders or ADS holders are subject to restrictions. If these shareholders or ADS holders sell substantial amounts of ordinary shares or ADSs in the public market, or the market perceives that such sales may occur, the market price of our ADSs or ordinary shares and our ability to raise capital through an issue of equity securities in the future could be adversely affected.

The rights of shareholders in companies subject to French corporate law differ in material respects from the rights of shareholders of corporations incorporated in the United States.

We are a French company with limited liability. Our corporate affairs are governed by our bylaws and by the laws governing companies incorporated in France. The rights of shareholders and the responsibilities of members of our board of directors are in many ways different from the rights and obligations of shareholders in companies governed by the laws of U.S. jurisdictions. For example, in the performance of its duties, our board of directors is required by French law to consider the interests of our company, its shareholders, its employees and other stakeholders, rather than solely our shareholders and/or creditors. It is possible that some of these parties will have interests that are different from, or in addition to, the interests of our shareholders or holders of our ADSs. See the sections of this Annual Report titled "Item 10. B—Memorandum and Articles of Association" and "Item 16.G—Corporate Governance."

U.S. holders of our equity securities may have difficulty enforcing civil liabilities against our company and directors and senior management and experts named herein.

Certain members of our board of directors and senior management and certain experts named herein are non-residents of the United States, and all or a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may not be possible to serve process on such persons or us in the United States or to enforce judgments obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States. Additionally, it may be difficult to assert U.S. securities law claims in actions originally instituted outside of the United States. Foreign courts may refuse to hear a U.S. securities law claim because foreign courts may not be the most appropriate forums in which to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the law of the jurisdiction in which the foreign court resides, and not U.S. law, is applicable to the claim. Further, if U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by the law of the jurisdiction in which the foreign court resides. In particular, there is some doubt as to whether French courts would recognize and enforce certain civil liabilities under U.S. securities laws in original actions or judgments of U.S. courts based upon these civil liability provisions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in France. An award for monetary damages under the U.S. securities laws would be considered punitive if it does not seek to compensate the claimant for loss or damage suffered but is intended to punish the defendant. French law provides that a shareholder, or a group of shareholders, may initiate a legal action to seek indemnification from the directors of a corporation in the corporation's interest if it fails to bring such legal action itself. If so, any damages awarded by the court are paid to the corporation and any legal fees relating to such action may be borne by the relevant shareholder or the group of shareholders.

The enforceability of any judgment in France will depend on the particular facts of the case as well as the laws and treaties in effect at the time. The United States and France do not currently have a treaty providing for recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters.

Our bylaws and French corporate law contain provisions that may delay or discourage a takeover attempt.

Provisions contained in our bylaws and French corporate law could make it more difficult for a third-party to acquire us, even if doing so might be beneficial to our shareholders. In addition, provisions of our bylaws impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. These provisions include the following:

- under French law, the owner of 90% of the share capital or voting rights of a public company listed on a regulated market in a Member State of the European Union or in a state party to the European Economic Area, or EEA, Agreement, including France, has the right to force out minority shareholders following a tender offer made to all shareholders;
- under French law, a non-resident of France as well as any French entity controlled by non-residents of France may have to file a declaration for statistical purposes with the Bank of France (*Banque de France*) within 20 working days following the date of certain direct foreign investments in us, including any purchase of our ADSs. In particular, such filings are required in connection with investments exceeding €15,000,000 that lead to the acquisition of at least 10% of our share capital or voting rights or cross such 10% threshold. See "Item 10.B - Limitations Affecting Shareholders of a French Company;"
- under French law, certain investments in a French company relating to certain strategic industries by individuals or entities not residents in a Member State of the European Union are subject to prior authorization of the Ministry of Economy pursuant to Law n°2019-486 (and as from April 1, 2020 pursuant to the decree n°2019-1590). See "Item 10.B - Limitations Affecting Shareholders of a French Company;"
- a merger (i.e., in a French law context, a stock for stock exchange following which our company would be dissolved without being liquidated into the acquiring entity and our shareholders would become shareholders of the acquiring entity) of our company into a company incorporated in the European Union would require the approval of our board of directors as well as a two-thirds majority of the votes held (of the votes cast, as from our general meeting of shareholders' convened to vote on the financial statements for the year ended December 31, 2019) by the shareholders present, represented by proxy or voting by mail at the relevant meeting;
- a merger of our company into a company incorporated outside of the European Union would require the unanimous approval of our shareholders;
- under French law, a cash merger is treated as a share purchase and would require the consent of each participating shareholder;
- our shareholders have granted and may grant in the future our board of directors broad authorizations to increase our share capital or to issue additional ordinary shares or other securities, such as warrants, to our shareholders, the public or qualified investors, including as a possible defense following the launching of a tender offer for our shares;

- our shareholders have preferential subscription rights on a *pro rata* basis on the future issuance by us of any additional securities for cash or a set-off of cash debts, which rights may only be waived by the extraordinary general shareholders' meeting (by a two-thirds majority vote) of our shareholders or on an individual basis by each shareholder;
- our board of directors has the right to appoint directors to fill a vacancy created by the resignation or death of a director, for the remaining duration of such director's term of office and subject to the approval by the shareholders of such appointment at the next shareholders' meeting, which prevents shareholders from having the sole right to fill vacancies on our board of directors;
- our board of directors can be convened by our chairman or our managing director, if any, or, when no board meeting has been held for more than two consecutive months, by directors representing at least one third of the total number of directors;
- our board of directors meetings can only be regularly held if at least half of the directors attend either physically or by way of videoconference or teleconference enabling the directors' identification and ensuring their effective participation in the board's decisions;
- our shares are nominative or bearer, if the legislation so permits, according to the shareholder's choice;
- approval of at least a majority of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by shareholders present, represented by a proxy, or voting by mail at the relevant ordinary shareholders' general meeting is required to remove directors with or without cause;
- advance notice is required for nominations to the board of directors or for proposing matters to be acted upon at a shareholders' meeting, except that a vote to remove and replace a director can be proposed at any shareholders' meeting without notice;
- our bylaws can be changed in accordance with applicable laws;
- the crossing of certain thresholds has to be disclosed and can impose certain obligations; see the section of this Annual Report titled "Item 10.B—Memorandum and Articles of Association";
- transfers of shares shall comply with applicable insider trading rules and regulations and, in particular, with the Market Abuse Directive and Regulation dated April 16, 2014; and
- pursuant to French law, the sections of our bylaws relating to the number of directors and election and removal of a director from office, may only be modified by a resolution adopted by two-thirds of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by our shareholders present, represented by a proxy or voting by mail at the meeting.

Holders of our ADSs may not be able to exercise their right to vote the ordinary shares underlying such ADSs.

Holders of our ADSs may exercise voting rights with respect to the ordinary shares represented by the ADSs only in accordance with the provisions of the amended and restated deposit agreement. The amended and restated deposit agreement provides that, upon receipt of notice of any meeting of holders of our ordinary shares, the depositary will fix a record date for the determination of ADS holders who shall be entitled to give instructions for the exercise of voting rights. Upon timely receipt of notice from us, if we so request, the depositary shall distribute to the holders as of the record date (1) the notice of the meeting or solicitation of consent or proxy sent by us and (2) a statement as to the manner in which instructions may be given by the holders.

Holders of our ADSs may instruct the depositary of their ADSs to vote the ordinary shares underlying such ADSs. Otherwise, holders of our ADSs will not be able to exercise voting rights unless they withdraw the ordinary shares underlying the ADSs they hold. However, a holder of our ADSs may not know about the meeting far enough in advance to withdraw those ordinary shares. If we ask for a holder of our ADSs' instructions, the depositary, upon timely notice from us, will notify him or her of the upcoming vote and arrange to deliver our voting materials to him or her. We cannot guarantee to any holder of ADSs that he or she will receive the voting materials in time to ensure that he or she can instruct the depositary to vote his or her ordinary shares or to withdraw his or her ordinary shares so that he or she can vote them directly. Pursuant to the terms of our amended deposit agreement, in certain situations if, in the opinion of our management, the matter is not materially adverse to the interests of our shareholders, we may request that if the depositary does not receive timely voting instructions from a holder of ADSs, the depositary may give a proxy to a person designated by us to vote, in its discretion, the ordinary shares underlying the unvoted ADSs, as long as the matter is endorsed by our board. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that a holder of ADSs may not be able to exercise his or her right to vote, and there may be nothing he or she can do if the ordinary shares underlying his or her ADSs are not voted as he or she requested.

The right as a holder of ADSs to participate in any future preferential subscription rights or to elect to receive dividends in shares may be limited, which may cause dilution to the holders of our ADSs.

Under French law, if we issue additional securities for cash, current shareholders will have preferential subscription rights for these securities on a pro rata basis unless they waive those rights at an extraordinary meeting of our shareholders (by a two-thirds majority vote) or individually by each shareholder. However, our ADS holders in the United States will not be entitled to exercise or sell such rights unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. In addition, the amended and restated deposit agreement provides that the depositary will not make rights available to holders of our ADSs unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act or exempted from registration under the Securities Act. Further, if we offer holders of our ordinary shares the option to receive dividends in either cash or shares, under the amended and restated deposit agreement the depositary may require satisfactory assurances from us that extending the offer to holders of our ADSs does not require registration of any securities under the Securities Act before making the option available to holders of our ADSs. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, ADS holders may be unable to participate in our rights offerings or to elect to receive dividends in shares and may experience dilution in their holdings. In addition, if the depositary is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case holders of our ADSs will receive no value for these rights.

Holders of our ADSs may be subject to limitations on the transfer of such ADSs and the withdrawal of the underlying ordinary shares.

ADSs, which may be evidenced by ADRs, are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the amended and restated deposit agreement, or for any other reason subject to an ADS holder's right to cancel such ADSs and withdraw the underlying ordinary shares. Temporary delays in the cancellation of such ADSs and withdrawal of the underlying ordinary shares may arise because the depositary has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or we are paying a dividend on our ordinary shares. In addition, a holder of ADSs may not be able to cancel his or her ADSs and withdraw the underlying ordinary shares when he or she owes money for fees, taxes and similar charges and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than a U.S. company. This may limit the information available to holders of our ADSs or ordinary shares.

We are a foreign private issuer, as defined in the SEC's rules and regulations and, consequently, we are not subject to all of the disclosure requirements applicable to public companies organized within the United States. For example, we are exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act, including the U.S. proxy rules under Section 14 of the Exchange Act. In addition, our officers and directors are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, while we currently make annual and semi-annual filings with respect to our listing on Euronext Paris and expect to continue to file such reports, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies and we are not required to file quarterly reports on Form 10-Q or current reports on Form 8-K under the Exchange Act. Accordingly, there is less publicly available information concerning our company than there would be if we were a U.S. domestic issuer.

As a foreign private issuer, we are permitted and we follow certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq's corporate governance standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance standards of the Nasdaq Global Select Market.

As a foreign private issuer listed on the Nasdaq Global Select Market, we are subject to Nasdaq's corporate governance standards. However, Nasdaq rules provide that foreign private issuers are permitted to follow home country corporate governance practices in lieu of Nasdaq's corporate governance standards as long as notification is provided to Nasdaq of the intention to take advantage of such exemptions. We currently rely on exemptions for foreign private issuers and follow French corporate governance practices in lieu of Nasdaq's corporate governance standards, to the extent possible. Certain corporate governance practices in France, which is our home country, may differ significantly from Nasdaq corporate governance standards. For example, as a French company, neither the corporate laws of France nor our bylaws require a majority of our directors to be independent and we can include non-independent

directors as members of our remuneration committee, and our independent directors are not required to hold regularly scheduled meetings at which only independent directors are present.

We are also exempt from provisions set forth in Nasdaq rules which require an issuer to provide in its bylaws for a generally applicable quorum, and that such quorum may not be less than one-third of the outstanding voting stock. Consistent with French law, our bylaws provide that a quorum requires the presence of shareholders having at least (1) 20% of the shares entitled to vote in the case of an ordinary shareholders' general meeting or at an extraordinary shareholders' general meeting where shareholders are voting on a capital increase by capitalization of reserves, profits or share premium, or (2) 25% of the shares entitled to vote in the case of any other extraordinary shareholders' general meeting.

As a foreign private issuer, we are required to comply with Rule 10A-3 of the Exchange Act, relating to audit committee composition and responsibilities. Under French law, the audit committee may only have an advisory role and appointment of our statutory auditors, in particular, must be decided by the shareholders at our annual meeting.

Therefore, our shareholders may be afforded less protection than they otherwise would have under Nasdaq's corporate governance standards applicable to U.S. domestic issuers.

We are an "emerging growth company" under the JOBS Act and are able to avail ourselves of reduced disclosure requirements applicable to emerging growth companies, which could make our ADSs less attractive to investors.

We are an "emerging growth company," as defined in the U.S. Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the U.S. Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. We have elected not to take advantage of the extended transition period provided under Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Since IFRS makes no distinction between public and private companies for purposes of compliance with new or revised accounting standards, the requirements for our compliance as a private company and as a public company are the same.

We cannot predict if holders of our ADSs will find the ADSs less attractive because we may rely on these exemptions. If some holders find the ADSs less attractive as a result, there may be a less active trading market for the ADSs and the price of the ADSs may be more volatile. We may take advantage of these reporting exemptions until we are no longer an emerging growth company. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year in which we have total annual gross revenue of $1.07 billion or more; (ii) December 31, 2022, which is the last day of our fiscal year following the fifth anniversary of the date of the completion of our November 2017 global offering; (iii) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; and (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

We may lose our foreign private issuer status in the future, which could result in significant additional cost and expense.

While we currently qualify as a foreign private issuer, the determination of foreign private issuer status is made annually on the last business day of our most recently completed second fiscal quarter and, accordingly, the next determination will be made with respect to us on June 30, 2020. In the future, we would lose our foreign private issuer status if we fail to meet the requirements necessary to maintain our foreign private issuer status as of the relevant determination date. We will remain a foreign private issuer until such time that more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies: (i) the majority of our executive officers or directors are U.S. citizens or residents; (ii) more than 50% of our assets are located in the United States; or (iii) our business is administered principally in the United States.

The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer would likely be significantly more than costs we incur as a foreign private issuer. If we lost our foreign private issuer status, we would be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive in certain respects than the forms available to a foreign private issuer. We would be required under current SEC rules to prepare our financial statements in accordance with U.S. GAAP, rather than IFRS, and modify certain of our policies to comply with corporate governance practices associated with U.S. domestic issuers. Such conversion of our financial statements to U.S. GAAP would involve significant time and cost. In addition, we would lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers such as the ones described herein and exemptions from procedural requirements related to the solicitation of proxies.

U.S. holders of our ADSs or ordinary shares may suffer adverse tax consequences if we are characterized as a passive foreign investment company.

Based on the composition of our gross income and assets in 2018, the nature of our business and due to fluctuations in our stock price, we believe that we were characterized as a passive foreign investment company, or PFIC, for our taxable year ending December 31, 2018. Based on the expected nature and composition of our gross income, assets, activities and market capitalization for our taxable year ended December 31, 2019, we expect that we will be characterized as a PFIC for the taxable year ended December 31, 2019. There can be no assurance that we will not be considered a PFIC for the current year or any future taxable year. A separate determination must be made after the close of each taxable year as to whether we are a PFIC for that year. As a result, our PFIC status may change from year to year and we have not yet made any determination as to our expected PFIC status for the current year; however, if the facts underlying our 2020 PFIC determination are similar to those for 2019, we could be a PFIC for our taxable year ending December 31, 2020. Our status as a PFIC will depend on the composition of our income (including whether we receive certain non-refundable grants or subsidies and whether such amounts and reimbursements of certain refundable research tax credits will constitute gross income for purposes of the PFIC income test) and the composition and value of our assets, which may be determined in large part by reference to the market value of the ADSs and our ordinary shares, which may be volatile, from time to time. Our status may also depend, in part, on how quickly we utilize the cash proceeds from our global offerings in our business. Our U.S. counsel expresses no opinion regarding our conclusions or our expectations regarding our PFIC status.

Generally, if, for any taxable year, at least 75% of our gross income is passive income, or at least 50% of the value of our assets is attributable to assets that produce passive income or are held for the production of passive income, including cash, we would be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. For purposes of these tests, passive income includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. If we are characterized as a PFIC, U.S. holders of the ADSs may suffer adverse tax consequences, including having gains realized on the sale of the ADSs treated as ordinary income, rather than capital gain, the loss of the preferential rate applicable to dividends received on the ADSs by individuals who are U.S. holders, and having interest charges apply to distributions by us and the proceeds of sales of the ADSs. See “Item 10. E. Taxation—Material U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Considerations.”

If a U.S. holder is treated as owning at least 10% of our ADSs or ordinary shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a U.S. holder (as defined below under “Item 10. E. Taxation—Material U.S. Federal Income Tax Considerations”) is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our ADSs or ordinary shares, such U.S. holder may be treated as a “United States shareholder” with respect to each “controlled foreign corporation” in our group (if any). Because our group includes at least one U.S. subsidiary (ERYTECH Pharma, Inc.), if we were to form or acquire any non-U.S. subsidiaries in the future, they may be treated as controlled foreign corporations (regardless of whether ERYTECH Pharma, Inc. is treated as a controlled foreign corporation). A U.S. shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income” and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a U.S. shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a U.S. shareholder that is a U.S. corporation. We cannot provide any assurances that we will assist investors in determining whether any non-U.S. subsidiaries that we may form or acquire in the future would be treated as a controlled foreign corporation or whether such investor would be treated as a U.S. shareholder with respect to any of such controlled foreign corporations. Further, we cannot provide any assurances that we will furnish to any U.S. shareholder the information that may be necessary to comply with the reporting and tax paying obligations discussed above. Failure to comply with these reporting and tax paying obligations may subject you to significant monetary penalties and may prevent the statute of limitations with respect to your U.S. federal income tax return for the year for which reporting was due from starting. U.S. holders should consult their tax advisors regarding the potential application of these rules to their investment in our ordinary shares.

We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or if we experience additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the trading price of our ADSs or ordinary shares.

We have identified three material weaknesses in our internal control over financial reporting as of December 31, 2018, two of which have not been remediated as of December 31, 2019. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

If we are unable to remediate these material weaknesses, or if we experience additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our securities.

In connection with the preparation of our financial results for the year ended December 31, 2018, our management concluded that, as of December 31, 2018, our internal control over financial reporting was not effective as a result of three material weaknesses in our internal control over financial reporting related to: (i) the closing and consolidation process due to (a) an inadequate segregation of duties and a lack of resources, which did not allow some tasks to be adequately reviewed and (b) a lack of a consolidation tool, which led to difficulties in documenting an appropriate audit trail of entries made; (ii) the monitoring of research and development projects, as controls designed to track actual costs incurred against invoices received were not operating at a sufficient level of precision due to insufficient personnel with an appropriate level of knowledge and training in internal control over complex processes; and (iii) the lack of sufficiently developed and documented internal controls for our U.S. subsidiary.
We believe that the material weakness concerning the closing and consolidation process was fully remediated as of December 31, 2019 and that the remaining two material weaknesses concerning (i) the monitoring of research and development projects and (ii) the lack of sufficiently developed and documented internal controls for our U.S. subsidiary were not fully remediated as of December 31, 2019.

We plan to initiate the following remediation efforts focused on improving our internal control over financial reporting and to specifically address the control deficiencies that led to our material weaknesses.

At the end of 2019, we hired a new staff accountant to ensure that the defined segregation of duties is also designed, implemented and maintained at an operational level.

These efforts we have and plan to continue to employ to remediate the weaknesses include the following:

- reinforcement of our team dedicated to the monitoring of research and development projects for which process level control have not been considered as effective;
- defining the segregation of duties that we wish to implement in our U.S. subsidiary;
- strengthening the controls over our research and development financial information to detect and correct errors; and
- designing, implementing and maintaining effective controls over certain information technology ("IT") systems that are relevant to the preparation of the consolidated financial statements, and in particular user access controls, to ensure that the defined segregation of duties is reflected in our IT systems used by our U.S. subsidiary.

We believe that these activities will further support the remediation of these material weaknesses. However, we cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. In addition, our independent registered public accounting firm has not performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act because no such evaluation has been required. Had our independent registered public accounting firm performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act, additional material weaknesses may have been identified. If we are unable to successfully remediate our existing or any future material weaknesses in our internal control over financial reporting, or identify any additional material weaknesses, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting, and the trading price of our ADSs or ordinary shares may decline as a result.

If we fail to establish and maintain proper internal controls, our ability to produce accurate financial statements or comply with applicable regulations could be impaired.

We are required, pursuant to Section 404(a) of the Sarbanes-Oxley Act, or Section 404(a), to furnish a report by management on, among other things the effectiveness of our internal control over financial reporting on an annual basis. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In connection with the preparation of our financial results for the year ended December 31, 2019, we identified two material weaknesses in our internal control over financial reporting. Our Management's Report on Internal Control over Financial Reporting included in this Annual Report describes these material weaknesses and includes our conclusion that our internal controls were not effective as of the end of the period covered by this Annual Report. While we have established certain procedures and control over our financial reporting processes, including initiating remediation efforts with respect to the material weaknesses, we cannot assure you that these efforts will prevent restatements of our financial statements in the future. Although Section 404(b) of the Sarbanes-Oxley Act, or Section 404(b), requires our independent registered public accounting firm to issue an annual report that addresses the effectiveness of

our internal control over financial reporting, we have opted to rely on the exemptions provided in the JOBS Act, and consequently will not be required to comply with SEC rules that implement Section 404(b) until such time as we are no longer an EGC.

The presence of material weaknesses could result in financial statement errors which, in turn, could lead to errors in our financial reports, delays in our financial reporting, which could require us to restate our operating results or our auditors may be required to issue a qualified audit report. We might not identify one or more material weaknesses in our internal controls in connection with evaluating our compliance with Section 404(a). In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we will need to expend significant resources and provide significant management oversight. Implementing any appropriate changes to our internal control may require specific compliance training of our directors and employees, entail substantial costs in order to modify our existing accounting systems, take a significant period of time to complete and divert management's attention from other business concerns. These changes may not, however, be effective in achieving and maintaining the adequacy of our internal control.

If either we are unable to conclude that we have effective internal control over financial reporting, as is the case currently, or, at the appropriate time, our independent auditors are unwilling or unable to provide us with an unqualified report on the effectiveness of our internal control over financial reporting as required by Section 404(b), investors may lose confidence in the accuracy or completeness of our financial reports, the price of our ADSs or ordinary shares could decline and we may be subject to litigation, sanctions or investigations by regulatory authorities, including the SEC and Nasdaq. Failure to remediate any material weakness in our internal control over financial reporting, or to maintain other effective control systems required of public companies, could also restrict our future access to the capital markets. In addition, if we are unable to meet the requirements of Section 404, we may not be able to remain listed on Nasdaq.

Item 4. Information on the Company.

A. History and Development of the Company

Our legal and commercial name is ERYTECH Pharma S.A. We were incorporated as a *société par actions simplifiée*, or S.A.S., under the laws of the French Republic on October 26, 2004 and became a *société anonyme*, or S.A., on September 29, 2005. We are registered at the Register of Commerce and Companies of Lyon (*Registre du commerce et des sociétés*) under the number 479 560 013. In April 2014, we incorporated our wholly-owned U.S. subsidiary, ERYTECH Pharma, Inc. In February 2016, we opened our U.S. office in Cambridge, Massachusetts and in 2018, we entered into a lease agreement for a U.S. manufacturing facility in Princeton, New Jersey, United States, which has been operational since the fourth quarter of 2019.

Our principal executive offices are located at 60 Avenue Rockefeller, 69008 Lyon, France. Our telephone number at our principal executive offices is +33 4 78 74 44 38. Our agent for service of process in the United States is ERYTECH Pharma, Inc. Our website address is *www.erytech.com*. The reference to our website is an inactive textual reference only and information contained in, or that can be accessed through, our website or any other website cited herein is not part of this Annual Report. The U.S. Securities and Exchange Commission maintains a website (*www.sec.gov*) that contains reports, proxy and information statements and other information regarding registrants, such as ERYTECH, that file electronically with the SEC. We expect our capital expenditures to increase in absolute terms in the near term as we continue to advance our research and development programs, prepare for commercialization, if approved, and grow our operations. For the near future, these investments will be located in France where our corporate headquarters and our primary production facility are currently located, and in the United States for our secondary production facility.

Our actual capital expenditures for the years ended December 31, 2017, 2018 and 2019 amounted to €1.7 million, €14.2 million and €12.1 million, respectively. These capital expenditures were related primarily to the buildup of our fixed assets for our pharmaceutical facility and laboratory and to a lesser extent to the purchase of office and computer equipment. We do not capitalize clinical research and development costs until we obtain marketing authorization for a product candidate.

B. Business Overview

We are a clinical-stage biopharmaceutical company developing innovative therapies for severe forms of cancer and orphan diseases. Leveraging our proprietary ERYCAPS platform, which uses a novel technology to encapsulate therapeutic drug substances inside erythrocytes, or red blood cells, we are developing a pipeline of product candidates for patients with high unmet medical needs. Our lead product candidate eryaspase, which we also refer to as GRASPA, targets the metabolism of cancer cells by depriving the cells of asparagine, an amino acid necessary for their survival and critical in maintaining the cells' rapid growth rate. We are currently developing eryaspase for the treatment of severe forms of cancer, including pancreatic cancer and triple negative breast cancer, or TNBC.

In 2018, we initiated a pivotal Phase 3 clinical trial of eryaspase for the treatment of second-line pancreatic cancer patients. Patient enrollment in this trial, which we refer to as the TRYbeCA-1 trial, began in September 2018 in Europe. The U.S. Food and Drug Administration, or FDA, approved our Investigational New Drug, or IND, application in May 2019, and the TRYbeCA-1 trial opened for patient enrollment in the United States in October 2019. We plan to enroll approximately 500 patients at approximately 100

clinical sites in Europe and the United States (including approximately 20 sites in the United States). To date, we have obtained clinical trial authorizations in the United States and from 11 European countries and we are actively recruiting and open for patient enrollment at more than 65 clinical sites in Europe and in the United States. As of the end of February 2020, more than two-thirds of the approximately 500 patients to be enrolled in the trial have been randomized.

We expect to report interim data from the TRYbeCA-1 trial in the third quarter of 2020. The trial will either continue toward a final analysis, expected in the first half of 2021 or will be stopped for superiority if the primary endpoint is met by demonstrating a significant improvement in overall survival (OS). In the event the primary endpoint is met at the time of the interim analysis, we intend to complete the full analysis of the trial results and proceed toward preparing both a Marketing Authorization Application, or MAA, and a Biologics License Application, or BLA, for eryaspase in Europe and the United States, respectively.

We are supporting a proof-of-concept investigator-sponsored Phase 1 clinical trial evaluating the safety of eryaspase in combination with FOLFIRINOX for the treatment of first-line pancreatic cancer patients in the second half of 2020, as well as in other indications of pancreatic cancer. Georgetown Lombardi Comprehensive Cancer Center, the sponsor of the trial, has submitted an IND to the FDA.

We launched a proof-of-concept Phase 2 clinical trial in TNBC in Europe, which we refer to as the TRYbeCA-2 trial, in the fourth quarter of 2018. The trial is now open for enrollment in four European countries and we announced enrollment of the first patient in June 2019. The primary endpoint is objective response rate. We expect to report final data from the TRYbeCA-2 trial in 2021.

We are also supporting a Phase 2 clinical trial initiated and sponsored by investigators of the Nordic Society of Pediatric Hematology and Oncology, or NOPHO. This trial is evaluating eryaspase in patients with acute lymphoblastic leukemia, or ALL, who experienced hypersensitivity reactions to pegylated L-asparaginase. We expect interim data from the NOPHO trial to be available in the first half of 2020 and final results in the second half of 2020.

In addition to the encapsulation of L-asparaginase, we believe that our ERYCAPS platform has broad potential application and can be used to encapsulate a wide range of therapeutic agents for which long-circulating therapeutic activity or rapid and specific targeting is desired. For example, we developed erymethionase, a preclinical product candidate which encapsulates methionine-γ-lyase in red blood cells and is designed to target the amino acid metabolism of cancer cells and induce tumor starvation. We intend to continue to work on the development of erymethionase as well as potential other therapeutic strategies based on methionine depletion, depending on financial resources and business strategy.

We have also developed two preclinical programs aimed at maximizing the value creation potential of our ERYCAPS program, which we believe may result in attractive partnering opportunities: enzyme replacement (ERYZYME) and immune modulation (ERYMMUNE). As part of our value creation strategy, in June 2019, we entered into a collaboration with SQZ Biotechnologies, a cell therapy company developing novel treatments in multiple therapeutic areas, to focus on the development of novel red blood cell-based therapeutics for the treatment of immuno-oncology and tolerance induction.

Eryaspase—Our Lead Cancer Metabolism-Targeting Product Candidate

Eryaspase consists of the enzyme L-asparaginase encapsulated in red blood cells. L-asparaginase degrades asparagine, a naturally occurring amino acid. All cells in the body need asparagine for their protein synthesis and growth. Normal cells are able to produce most of their asparagine requirements internally. Tumor cells, to ensure their aggressive growth, are highly dependent on asparagine and often lack the enzymes necessary to produce sufficient asparagine internally. They therefore must obtain this nutrient from the asparagine that is present in the circulation. While L-asparaginase has been used for decades as a cancer metabolism treatment in ALL, the toxicity profiles of current commercially available forms of non-encapsulated, or free-form, L-asparaginases have generally limited their use to patients with good performance status, such as pediatric ALL patients. Encapsulation of L-asparaginase, utilizing our proprietary ERYCAPS platform, is designed to prolong the activity and reduce the side effects of L-asparaginase, which we believe broadens the potential use of L-asparaginase outside the pediatric ALL setting, including for the treatment of aggressive solid and liquid tumors. Eryaspase has been administered to more than 460 patients in clinical trials and compassionate use programs to date. In our clinical trials for the treatment of pancreatic cancer and ALL, patients treated with eryaspase in combination with chemotherapy achieved improvements in efficacy endpoints compared to standard of care chemotherapy or combinations of chemotherapy with native L-asparaginase. The treatment has generally been well tolerated in these clinical trials.

We are currently developing eryaspase for the treatment of the following types of cancer:

Pancreatic Cancer – Ongoing TRYbeCA-1 Trial

Pancreatic cancer is a disease in which solid tumors form in the tissues of the pancreas. We estimate there are approximately 150,000 new cases of pancreatic cancer diagnosed each year in the United States and Europe. Pancreatic cancer is a particularly aggressive cancer, with a five-year survival rate of less than 10%, and is one of the fastest growing cancer indications. According to estimates published by the American Cancer Society, pancreatic cancer is currently the fourth largest cause of cancer deaths in the United

States. According to an article published in the scientific journal *Cancer Research* in 2014, pancreatic cancer is projected to surpass colon and breast cancer to become the second largest cause of cancer deaths by 2030.

In September 2017, we announced the full results from our Phase 2b clinical trial of eryaspase combined with chemotherapy in 141 patients suffering from second-line metastatic pancreatic cancer. Data demonstrated improvements in both overall survival (OS) and progression-free survival (PFS). The hazard ratio for OS in the entire patient population was 0.60 (nominal p-value = 0.008), meaning that treatment with eryaspase reduced the risk of death rate by 40% compared to treatment with chemotherapy alone. The PFS hazard ratio was 0.56 (nominal p-value = 0.011). We believe this clinical trial represents the first time an asparaginase-based therapy has been reported to have a survival benefit in a solid tumor indication. We presented these results at the European Society for Medical Oncology, or ESMO, Congress in Madrid, Spain in September 2017 and the results from the trial were published in the European Journal of Cancer in 2020.

Based on the feedback on trial design that we received from the FDA at our pre-IND meeting in October 2017 and from the CHMP in February 2018, we launched a pivotal Phase 3 clinical trial of eryaspase for second-line metastatic pancreatic cancer in Europe in September 2018, which we refer to as the TRYbeCA-1 trial. Patient enrollment in this trial began in September 2018 in Europe and we received approval from the FDA of our IND application to extend the trial to the United States in May 2019. We plan to enroll approximately 500 patients at approximately 100 clinical sites in Europe and the United States (including approximately 20 sites in the United States). To date, we have obtained clinical trial authorizations in the United States and from 11 European countries and we are actively recruiting and open for patient enrollment at more than 65 clinical sites in Europe and in the United States. As of the end of February 2020, more than two-thirds of the approximately 500 patients to be enrolled in the trial have been randomized.

In the TRYbeCA-1 trial, eligible patients are randomized 1-to-1 to receive eryaspase in combination with standard chemotherapy (gemcitabine/nab-paclitaxel or an irinotecan-based regimen) or chemotherapy alone. The primary endpoint of the trial is overall survival. An interim efficacy analysis is planned for when approximately two-thirds of survival events have occurred. The independent data monitoring committee, or IDMC, reviewed the safety data of the first 150 patients enrolled and treated in the TRYbeCA-1 trial. No safety issues were identified and the IDMC recommended that we continue the trial as planned. We expect to report interim data from the TRYbeCA-1 trial in the third quarter of 2020. The trial will either continue toward a final analysis, expected in the first half of 2021 or will be stopped for superiority if the primary endpoint is met by demonstrating a significant improvement in overall survival (OS). In the event the primary endpoint is met at the time of the interim analysis, we intend to complete the full analysis of the trial results and proceed toward preparing both a MAA and a BLA for eryaspase in Europe and the United States, respectively.

Also in pancreatic cancer, we are supporting a proof-of-concept investigator-sponsored Phase 1 clinical trial evaluating the safety of eryaspase in combination with FOLFIRINOX for the treatment of first-line pancreatic cancer patients in the second half of 2020, as well as in other indications of pancreatic cancer. Georgetown Lombardi Comprehensive Cancer Center, the sponsor of the trial, has submitted an IND to the FDA.

With this in mind, we have also initiated further preclinical work to assess the combinability of eryaspase with other compounds used in the treatment of first-line pancreatic cancer patients. We retain worldwide rights to commercialize eryaspase for the pancreatic cancer indication.

Triple Negative Breast Cancer – Planned TRYbeCA-2 Trial

Following the results with eryaspase in the proposed treatment of second-line metastatic pancreatic cancer, we conducted a comprehensive evaluation to determine other potential solid tumor indications for developing eryaspase and selected metastatic TNBC to evaluate as the next indication to potentially expand the use of eryaspase. TNBC is an aggressive and metabolically active form of breast cancer with high rates of symptomatic metastases. TNBC cells lack expression of estrogen receptor, progesterone receptor and do not overexpress a protein called human epidermal growth factor receptor 2 (HER2). The authors of a September 2017 article in the scientific journal *The Oncologist* estimate that approximately 10% to 20% of the 600,000 breast cancers that are diagnosed each year in the United States and Europe in aggregate are classified as TNBC. As commonly utilized hormone therapy and HER2 targeting agents are not treatment options for women with TNBC, there is significant unmet need for novel therapeutic approaches in this subtype of breast cancer. At the end of 2018, we launched a proof-of-concept Phase 2 clinical trial in TNBC in Europe, which we refer to as the TRYbeCA-2 trial. We will evaluate eryaspase in combination with gemcitabine and carboplatine chemotherapy, compared to chemotherapy alone, in approximately 64 patients, with previously untreated metastatic TNBC. The trial is now open for enrollment in four European countries and we announced enrollment of the first patient in June 2019 in Spain. As of December 31, 2019, 11 patients were enrolled in Europe for the TRYbeCA-2 trial. The primary endpoint is objective response rate. The main secondary endpoints include progression-free survival, metabolic response, safety and biomarkers. We expect to report final data from the TRYbeCA-2 trial in 2021.

Other Oncology Indications

In addition to the ongoing clinical developments in pancreatic cancer and TNBC, we are evaluating opportunities to potentially broaden the scope of eryaspase to other oncology indications.

Acute Lymphoblastic Leukemia

We started the development of eryaspase in acute lymphoblastic leukemia, or ALL, in 2005 with a Phase 1 clinical trial in patients with relapsed and refractory ALL. The clinical trial was completed in 2009. We also completed a Phase 2 study in elderly patients with ALL in 2010. In 2014, we completed a multi-center, open-label pivotal Phase 2/3 clinical trial in 80 children and adults with relapsed or refractory ALL in which we evaluated the safety and efficacy of GRASPA compared to free-form L-asparaginase derived from the bacteria *E. coli*, also known as native L-asparaginase. In this European trial, patients without a history of allergies to native L-asparaginase treatments were randomized to receive standard chemotherapy plus either GRASPA or native L-asparaginase. Patients with a known allergy to native L-asparaginase treatments were treated with standard chemotherapy plus GRASPA. The patients treated with GRASPA experienced a mean duration of L-asparaginase activity that was more than twice as long as for patients receiving native L-asparaginase. None of the non-allergic patients who received GRASPA experienced an allergic reaction, compared to 46% of non-allergic patients who received native L-asparaginase. Only 11.5% of patients with a prior L-asparaginase allergy experienced a new allergic reaction after receiving GRASPA, with no patients in the trial experiencing a severe allergic reaction. Patients in the GRASPA treatment arm also had overall higher complete remission rates during induction, and GRASPA was also associated with fewer drug-related adverse events. After three years of follow-up, a nominal improvement in overall survival rates was observed.

In the United States, we have completed a Phase 1 dose escalation trial of eryaspase as a potential first-line treatment for adult ALL patients and have determined a recommended dose of eryaspase (100 U per kilogram) for evaluation in Phase 3 clinical trials in September 2017.

Although we ceased clinical development efforts in ALL in 2018, an investigator-sponsored trial, initiated in 2017 by NOPHO is still ongoing. The Phase 2 clinical trial was expected to enroll approximately 30 patients at 22 sites across seven Nordic and Baltic countries. The clinical trial protocol was amended in 2019 to increase the number of patients to be recruited up to 50 patients. The main objectives of this trial are to evaluate the pharmacokinetic and pharmacodynamic activity, safety and immunogenicity profile of eryaspase in combination with NOPHO's multi-agent chemotherapy protocol for ALL, administered as second-intention treatment for children or adult ALL patients, one year to 45 years of age, who experience hypersensitivity reactions to PEG-asparaginase or silent inactivation. We expect interim data from the NOPHO trial to be available in the first half of 2020 and final results in the second half of 2020.

Our Additional ERYCAPS Product Candidates

In addition to eryaspase, our product candidate based on L-asparaginase treatment, we believe that our ERYCAPS platform has broad potential application and can be used to encapsulate within red blood cells a wide range of therapeutic agents for which long-circulating therapeutic activity or rapid and specific targeting is desired.

- **Cancer Metabolism.** In addition to the development of eryaspase, we developed erymethionase, a preclinical product candidate which encapsulates methionine-γ-lyase in red blood cells and is designed to target the amino acid metabolism of cancer cells and induce tumor starvation. We intend to continue to work on the development of erymethionase as well as potential other therapeutic strategies based on methionine depletion, depending on financial resources and business strategy.
- **Enzyme Replacement.** Outside of the oncology field, we also are studying the use of our ERYCAPS platform to promote long-acting enzyme activity, which we believe may result in attractive partnering opportunities for the development of enzyme therapies in the field of metabolic diseases. We refer to this program under the name ERYZYME. We believe that encapsulation of the therapeutic enzymes may reduce the potential for allergic reactions and allow the therapeutic substance to remain in the body longer when compared to non-encapsulated enzymes.
- **Immunotherapy.** We have also initiated ERYMMUNE, a preclinical development program designed to explore the use of our ERYCAPS platform to encapsulate tumor antigens or adjuvants within red blood cells as an innovative approach to cancer immunotherapy. Based on our preclinical research, we believe that encapsulated tumor antigens can be targeted to key organs, such as the spleen, in order to induce an immune response, resulting in sustained activation of the body's immune system to fight cancers. Preclinical proof-of-concept studies of ERYMMUNE are ongoing. As part of our value creation strategy, in June 2019, we entered into a collaboration with SQZ Biotechnologies, a cell therapy company developing novel treatments in multiple therapeutic areas, to focus on the development of novel red blood cell-based therapeutics for the treatment of immuno-oncology and tolerance induction.

Corporate Information

We were incorporated in 2004. In May 2013, we completed the initial public offering of our ordinary shares on Euronext Paris. In November 2017, we completed a global public offering, consisting of a U.S. initial public offering of American Depositary Shares, or ADSs, each representing one ordinary share, and a concurrent private placement in Europe and other countries outside of the United States and Canada of our ordinary shares. Our ordinary shares are listed on Euronext Paris under the ticker symbol "ERYP" and our ADSs are listed on the Nasdaq Global Select Market under the symbol "ERYP."

Our Strategy

Our mission is to help patients live better, longer. Our vision is to be the leader in red blood-cell based therapeutics to treat severe forms of cancer and orphan diseases. The key elements of our strategy to achieve this goal include the following:

- ***Rapidly advance the clinical development of eryaspase for the treatment of pancreatic cancer.*** Following positive Phase 2b clinical trial results with eryaspase in second-line treatment of metastatic pancreatic cancer, we launched the TRYbeCA-1 trial, a pivotal Phase 3 clinical trial of eryaspase for second-line metastatic pancreatic cancer in Europe and in the United States. Patient enrollment began in Europe in September 2018 and we extended the trial to the United States in May 2019 where the first sites are opened to allow for patient recruitment. The Phase 3 clinical trial aims to evaluate eryaspase in combination with standard chemotherapy, compared to standard chemotherapy alone, in approximately 500 patients at approximately 100 clinical sites in Europe and the United States (including approximately 20 sites in the United States). The primary endpoint is overall survival.
- ***Develop eryaspase for the treatment of other solid tumor indications, including triple negative breast cancer.*** Based on the results of scientific publications and preclinical studies as well as our clinical trials to date, we believe that targeting the asparagine metabolism of cancer cells could potentially slow down or halt the growth of different tumor types. Based on these results, we are planning to conduct other clinical trials and to seek regulatory authorizations for eryaspase for the treatment of selected solid tumor indications beyond pancreatic cancer. In February 2018, we announced the selection of TNBC as the next target indication for expanding the potential treatment scope of eryaspase. We launched a Phase 2 proof-of-concept clinical trial for this indication in the fourth quarter of 2018 in Europe. The trial is now open for enrollment in four European countries. The primary endpoint is objective response rate.
- ***Leverage our ERYCAPS platform to develop additional innovative and novel red blood-cell based therapeutics targeting cancer and orphan diseases.*** In addition to encapsulating L-asparaginase, the active ingredient in eryaspase, we plan to leverage the broad applicability of our ERYCAPS platform to develop additional product candidates that use other therapeutic drug substances. We developed at a preclinical stage erymethionase, methionine-γ-lyase, or MGL, encapsulated in red blood cells, to target the amino acid metabolism of cancer cells and induce tumor starvation. We also intend to continue to work on the development of potential other therapeutic strategies based on our methionine depletion program in the future, subject to future financial resources and business strategy but are not currently devoting significant financial resources due to other strategic priorities.

  We are also evaluating other cancer metabolism targeting enzymes such as arginine-deiminase. In addition to our developments in cancer metabolism, we also plan to expand our product pipeline to include other therapeutic approaches such as cancer immunotherapy (ERYMMUNE) and enzyme replacement therapies (ERYZYME) for metabolic diseases in view of potentially establishing partnering options. To support this strategy, we intend to continue to seek robust worldwide intellectual property protection for our ERYCAPS platform and our resulting product candidates.
- ***Execute on research and development and commercialization opportunities that maximize the value of our proprietary ERYCAPS platform.*** We seek to maximize shareholder value from our proprietary platform technology through a combination of in-house development and well-selected partnering opportunities. In some instances, we may elect to continue development and commercialization activities through the expansion of our in-house capabilities, but we will also evaluate and pursue collaborative arrangements with third parties for the development and distribution of our product candidates for specified indications and in specified territories where appropriate. For example, in June 2019, we entered into a collaboration with SQZ Biotechnologies for the ERYMMUNE program.

  We may also explore co-development or out-licenses of our platform technology to third parties and the creation of spin-out companies. As we move our product candidates through development toward regulatory approval in the United States and Europe, we will evaluate several options for each product candidate's commercialization strategy. These options include building our own internal sales force and distribution units or entering into collaborations with third parties for the distribution and marketing of any approved products.

Our ERYCAPS Platform Technology

Our ERYCAPS platform uses our proprietary technology to entrap active drug substances inside red blood cells using reversible hypotonic and hypertonic osmotic stress. Our platform technology uses transfusion-grade, standard packed red blood cells of all four blood groups (O, A, B and AB) from blood donors with a specific blood type which we obtain from blood banks. We match the red blood cells used to the blood type of the patient receiving treatment. To allow the therapeutic compounds to enter into the red blood cells, we subject the red blood cells to a hypotonic solution. This causes swelling of cells and opening of pores in the cellular membrane. At this time, therapeutic molecules can enter the red blood cells. Once the desired concentration of molecules is reached inside the red blood cells, we subject the red blood cells to a hypertonic solution to restore the osmotic pressure to normal. This step causes water to flow out of the cell and the pores to close, rendering the cellular membrane impermeable to molecules above a specific size, including the molecules that have been trapped inside the cell.

The extent to which a red blood cell can swell, known as osmotic fragility, is not uniform and varies between packages of red blood cells. When we obtain a package of red blood cells from a blood bank, we measure a number of key hematological parameters, including the osmotic fragility of the particular sample. Based on the level of osmotic fragility measured, we are able to calculate the specific amount of osmotic pressure to apply in order to achieve the desired concentration of drug substance in each production batch. This patent-protected process allows us to reduce variations in the amount of drug substance to be encapsulated, which ensures that quantifiable amounts of drug substance can be captured in each batch. Our expertise in understanding osmotic fragility and optimizing the red blood cell encapsulation parameters is the cornerstone of our proprietary ERYCAPS platform.

We believe that our ERYCAPS platform technology is an innovative approach that offers several key potential benefits:

- ***Prolonged duration of activity***. Red blood cells are biocompatible carriers that have a half-life of approximately one month in the body, and this duration of activity appears not to be significantly affected by our proprietary encapsulation process. This long half-life, coupled with the protection from the cellular membrane, allows encapsulated therapeutic drug substances to remain in the body longer, thereby increasing the duration of their therapeutic activity and their potential efficacy with lower dosages and fewer injections. In the case of L-asparaginase, encapsulation of red blood cells has been shown in our clinical trials to extend the half-life of free-form L-asparaginase from one day to approximately two to three weeks.
- ***Decreased risk of side effects***. The red blood cell membrane protects the body from toxicities associated with the trapped drug substance, which reduces the potential for adverse side effects from the drug.
- ***High reproducibility with rapid turnaround on commercial scale***. Our encapsulation process is automated and is designed to produce batches of loaded red blood cells in a highly reproducible, reliable and rapid manner. At our cGMP-certified production facilities, the process for delivering eryaspase to patients typically takes approximately 24 hours from the start of production to delivery of the product candidate to the hospital. We have produced over 3,350 bags of eryaspase to date for use in clinical trials, and we estimate our current production facilities, including our expanded Lyon facilities and our newly constructed U.S. facility in Princeton, New Jersey, which has been operational since the fourth quarter of 2019 will be sufficient to establish supply for our ongoing Phase 2 and Phase 3 clinical trials, as well as anticipated initial commercial needs of eryaspase, if we receive the appropriate marketing authorizations.
- ***Stability and ease of administration***. After manufacturing and release of the product, eryaspase has shown to remain stable for five days in refrigeration followed by six hours at room temperature. This allows efficient transportation to the hospitals where the patients are treated, as well as flexibility in the timing of the administration to the patients.
- ***Broad applicability***. Our initial efforts have focused on encapsulating enzymes, such as L-asparaginase, that deplete nutrients necessary for the growth and proliferation of tumor cells, resulting in their starvation and death. Based on our preclinical studies and clinical experience to date, we believe that a variety of additional therapeutic molecules can be encapsulated within red blood cells to induce tumor starvation, both for blood cancers and solid tumors, and to develop cancer immunotherapies and enzyme replacement therapies.

Our intellectual property portfolio contains issued patents and patent applications in the United States and foreign countries, including 15 patent families directed to our production process, our ERYCAPS® platform, our product candidates, methods of use and/or treatment, and related diagnostic tests. Our core patent covers eryaspase in the United States until the end of 2029, with potential extension to the end of 2034, and in Europe until 2025, with a potential extension to 2030. We have exclusively in-licensed one patent family from Radboud University in the Netherlands relating to synergistic combinations of amino acid depletion agents.

We maintain a cGMP-certified production facility in Lyon, France that we believe will be sufficient to supply our ongoing clinical trials and initial commercial requirements in Europe. In the fourth quarter of 2019, we started manufacturing GMP-compliant batches out of our manufacturing facility in Princeton, New Jersey. This manufacturing facility was designed with the ability to scale

production to supply eryaspase to meet our anticipated clinical trial needs, including for supply requirements for U.S. patients in the TRYbeCA-1 trial, and for our anticipated initial commercial needs in the United States if eryaspase is approved. In connection with the transition to our Princeton facility, we closed our small production facility in Philadelphia, Pennsylvania in January 2020. We believe our production facilities will be sufficient to supply eryaspase for our ongoing Phase 2 and Phase 3 clinical trials and for our anticipated initial commercial needs of eryaspase, if we receive the appropriate marketing authorizations.

Our Pipeline

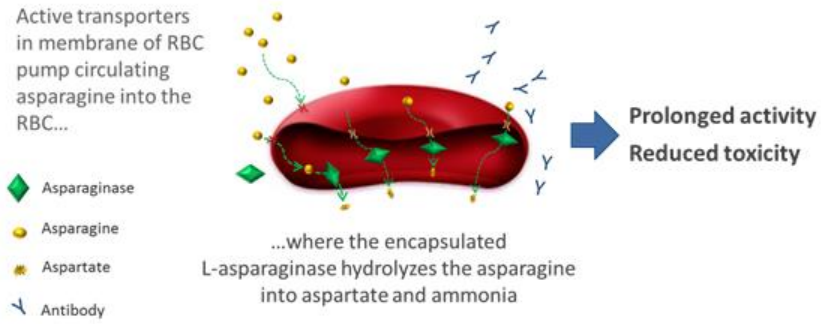
1L First Line; 2L Second Line; IST Investigator Sponsored Trial; NOPHO : Nordic Organization of Pediatric Hematology and Oncology
* To be determined by SQZ Biotechnologies

Our Lead Product Candidate Eryaspase—A Unique Approach to Cancer Treatment

Eryaspase, our first product candidate developed using our proprietary ERYCAPS platform consists of the enzyme L-asparaginase encapsulated inside erythrocytes, or red blood cells. L-asparaginase breaks down asparagine, a naturally occurring amino acid, into L-aspartic acid and ammonia. Asparagine is produced by healthy cells in the body for their own use in protein synthesis. Cancer cells also need asparagine to grow and proliferate, even more than normal cells, but most cancer cells cannot produce enough asparagine and must rely on circulating asparagine to survive. Injection of L-asparaginase, either by intravenous or intramuscular modes of administration, can lower asparagine levels throughout the body, thereby depriving cancer cells of a key nutrient and causing them to starve and ultimately die. The use of L-asparaginase to deplete asparagine is a well-established treatment for ALL patients, and in particular, pediatric ALL patients. However, important side effects including allergies, coagulation disorders, pancreatic and hepatic toxicities can limit treatment compliance, particularly in adults, limiting the potential use of current, non-encapsulated L-asparaginases beyond ALL. We believe that encapsulating L-asparaginase in red blood cells holds the potential to expand the population of cancer patients that may be treated with L-asparaginase, and in particular, to patients suffering from aggressive solid tumors.

Eryaspase is administered by intravenous infusion. Once administered, the red blood cells containing L-asparaginase circulate in the bloodstream and remove asparagine mainly through a mechanism of active transportation of asparagine into the red blood cells. Active transporters for asparagine are present in the membrane of red blood cells. They cause normal red blood cells to contain two to three times more asparagine within the cell than in the surrounding plasma. When L-asparaginase is encapsulated in the red blood cells, it causes the inner concentration of asparagine to decrease, which activates the natural mechanism of the red blood cell to draw asparagine circulating in the blood plasma into the red blood cell. This asparagine is rapidly degraded inside the red blood cells as well. When maintained long enough, this pumping and degradation activity leads to a systemic depletion of asparagine levels in the bloodstream without releasing L-asparaginase into the bloodstream. The red blood cell membrane also protects the encapsulated L-asparaginase from antibodies present in the patient's blood that would substantially lessen or neutralize the enzyme's activity or cause allergic reactions. As a result, the enzyme can remain active and potentially effective in the red blood cell for a longer period of time, while at the same time reducing the potential for toxicity and related side effects. Our research indicates that the encapsulation process does not significantly alter the life span of the red blood cell.

The following diagram illustrates the main mode of action of eryaspase:



Clinical Development of Eryaspase (GRASPA)

The table below sets forth summary information regarding our clinical trials of eryaspase conducted to date.

COMPLETED CLINICAL TRIALS

PHASE	TRIAL REFERENCE	# OF PATIENTS*	AGE	INDICATION	PRIMARY ENDPOINTS	DOSE	REGION	DESIGN
Metastatic Pancreatic Cancer								
2b	GRASPANC 2013-03	141	18+	Second-line patients with metastatic pancreatic adenocarcinoma	• Efficacy (progression-free survival or overall survival) and safety of eryaspase in combination with chemotherapy	100 U/kg	EU	Randomized, open label, controlled
1	GRASPANC 2008-02	12	18+	Second-line	• Determination of the maximum tolerated dose (MTD) and recommended Phase 2 dose	25 / 50 / 100 / 150 U/kg	EU	Non- randomized, open label
Acute Lymphoblastic Leukemia								
2/3	GRASPALL 2009-06	80	1 to 55	Relapsed/refractory	• Mean duration (days) of ASNase activity >100 U/L	150 U/ kg	EU	Randomized, open label
					• Incidence of allergic reactions (induction phase)			
2a	GRAALL SA2-2008	30	55+	First-line	• Efficacy and safety of eryaspase with combination therapy and determination of the MTD in elderly	50 / 100 / 150 U/kg	EU	Non-randomized, open label
1/2	GRASPALL 2005-01	24	1 to 55	Relapsed/refractory	• Determination of the MTD and recommended Phase 2 dose	50 / 100 / 150 U/ kg	EU	Randomized, open label
1/2	GRASPALL 2012-09	14	18+	First-line	• Determination of the MTD and recommended Phase 3 dose	50 / 100 / 150 / 200 U/ kg	US	Non-randomized, open label
1	GRASPALL 2012-10-EAP	18	Up to 55	At risk - all lines	• Safety of eryaspase in combination with polychemotherapy	150 U/kg	EU	Non-randomized, open label
Acute Myeloid Leukemia								
2b	ENFORCE 1	123	65 to 85	First-line, unfit	• Overall survival	100 U/ kg	EU	Multicenter, open label, randomized, controlled

ONGOING CLINICAL TRIALS

PHASE	TRIAL REFERENCE	# OF PATIENTS*	AGE	INDICATION	PRIMARY ENDPOINTS	DOSE	REGION	DESIGN
Solid Tumors								
3	TRYbeCA-1	482	18+	Second-line patients with metastatic pancreatic adenocarcinoma	• Overall survival	100 U/kg	EU/US	Open label, randomized
2	TRYbeCA-2	64	18+	Metastatic or locally recurrent Triple-Negative Breast Cancer / 1st line	• Objective response rate determined by an independent radiological review	100 U/kg	EU	Open label, randomized 1:1 (chemotherapy ± eryaspase)
Acute Lymphoblastic Leukemia								
2	NOPHO	50	1 to 45	Second-line post PEG-asparaginase	• PK / PD, safety and immunogenicity	150 U/kg	EU	Single arm, open label

* Number of patients planned/enrolled.

Eryaspase for the Treatment of Pancreatic Cancer and Other Solid Tumors

Researchers have investigated the potential to target asparagine metabolism in solid tumor indications, and based on the observation that many solid tumors, like lymphoblasts, lack the asparagine synthetase, or ASNS, enzyme, a rationale for the use of asparaginase in solid tumors exists. L-asparaginase has been shown to have growth inhibitory effects in different solid tumor cell lines and in xenograft models. The toxicity profile of existing asparaginase products has, however, been prohibitive for their use in patients. Historically, Phase 1 clinical trials conducted by researchers have been modified or halted because of excess toxicity.

We selected pancreatic cancer as the first solid tumor indication for clinical development of eryaspase based on preclinical findings, the metabolic activity of pancreatic cancer cells and the unmet medical need. After completion of a Phase 1 clinical trial, which we believe is the first Phase 1 clinical trial with an asparaginase-based product candidate to show an acceptable safety profile, we commenced a Phase 2b clinical trial of eryaspase combined with chemotherapy in 141 patients suffering from second-line metastatic pancreatic cancer in 2014. In March 2017, we reported top-line results of the study showing improvement in overall and progression-free survival rates for patients treated with eryaspase in combination with chemotherapy as compared to treatment with eryaspase alone. The hazard ratio for overall survival in the entire patient population was 0.60 (nominal p-value = 0.008), meaning that treatment with eryaspase reduced the risk of death rate by 40% compared to treatment with chemotherapy alone. We presented the full results of this trial at the ESMO Congress in Madrid, Spain in September 2017. We believe this clinical trial represents the first time an asparaginase-based therapy has been reported to have a survival benefit in a solid tumor indication. This trial forms the basis for our strategy to explore the further development of eryaspase for the treatment of pancreatic cancer and other solid tumor indications. Subsequently, we launched a pivotal Phase 3 clinical trial of eryaspase for second-line metastatic pancreatic cancer, which we refer to as the TRYbeCA-1 trial. Patient enrollment for the TRYbeCA-1 trial commenced in September 2018 in Europe and after receipt of IND approval from the FDA, we have established clinical sites in the United States which are open for patient enrollment. We plan to enroll approximately 500 patients at approximately 100 clinical sites in Europe and the United States (including approximately 20 sites in the United States). To date, we have obtained clinical trial authorizations in the United States and from 11 European countries and we are actively recruiting and open for patient enrollment at more than 65 clinical sites in Europe and in the United States. As of the end of February 2020, more than two-thirds of the approximately 500 patients to be enrolled in the trial have been randomized. We expect to report interim data from the TRYbeCA-1 trial in the third quarter of 2020. The trial will either continue toward a final analysis, expected in the first half of 2021 or will be stopped for superiority if the primary endpoint is met by demonstrating a significant improvement in overall survival (OS). In the event the primary endpoint is met at the time of the interim analysis, we intend to complete the full analysis of the trial results and proceed toward preparing both a MAA and a BLA for eryaspase in Europe and the United States, respectively.

Background and Potential for L-asparaginase as a Treatment for Pancreatic Cancer

We estimate there are approximately 150,000 new cases of pancreatic cancer diagnosed each year in Europe and the United States. Pancreatic cancer is a particularly aggressive cancer, with a five-year survival rate of less than 10%, and is one of the fastest growing cancer indications. According to estimates published by the American Cancer Society, pancreatic cancer is currently the fourth largest cause of cancer deaths in the United States. According to an article published in the scientific journal *Cancer Research* in 2014, pancreatic cancer is projected to surpass colon and breast cancer to become the second largest cause of cancer deaths by 2030. The following table summarizes the number of estimated cases and deaths in the United States in 2017 and 2030 in various solid tumor indications, as well as the five-year survival rate of each type of cancer for the years 2006 through 2012.

INDICATION	CASES *(U.S., IN THOUSANDS)*		DEATHS *(U.S., IN THOUSANDS)*		
	2017	2030	2017	2030	5-YEAR SURVIVAL RATE
Lung and bronchus	223	225	156	156	19%
Pancreas	54	88	43	63	9
Liver	41	83	29	51	18
Colon and rectum	135	114	50	47	66
Breast	255	294	41	37	91(1)
Prostate	161	228	27	24	99
Bladder	79	113	17	22	79
Brain and other nervous system	24	N/A	17	17	35
Oesophagus	17	N/A	16	17	21
Kidney	64	69	14	16	75
Ovary	22	N/A	14	14	46

(1) Refers to female survival rate.

Completed Phase 1 Clinical Trial of Eryaspase for the Treatment of Pancreatic Cancer

In 2011, we completed an open-label Phase 1 clinical trial in 12 patients with pancreatic cancer at four sites in France. The enrolled patients were separated into four cohorts of three subjects each. Eryaspase was administered as one injection of four different doses, 25 Units, or U, per kilogram, 50 U per kilogram, 100 U per kilogram or 150 U per kilogram. The primary endpoint of the trial was the determination of the maximum tolerated dose. Secondary endpoints included assessments of safety and exploratory measures of efficacy. No dose-limiting toxicities were reported, even at the highest dose administered in the trial.

Phase 2b Clinical Trial for Eryaspase for the Treatment of Second-Line Metastatic Pancreatic Cancer

In 2014, we commenced a multi-center, open-label, randomized Phase 2b clinical trial to evaluate the efficacy of eryaspase as a second-line treatment for patients with metastatic pancreatic cancer. The trial was conducted at 16 sites in France and performed in collaboration with the Groupe Coopérateur Multidisciplinaire en Oncologie. Professor Pascal Hammel, a gastroenterologist-oncologist at Beaujon Hospital in Paris, was the principal investigator of the trial. The original recruitment objective was 90 patients. In February 2016, we elected to continue to enroll patients to increase the statistical power of the trial. In September 2016, we completed enrollment of 141 patients in this trial. In March 2017, we reported positive top-line results from this trial, which also included three data safety monitoring board, or DSMB, safety reviews. In September 2017, we presented the full results of this trial at the ESMO Congress in Madrid, Spain and the results of the trial were published in the European Journal of Cancer in November 2019.

Trial Design

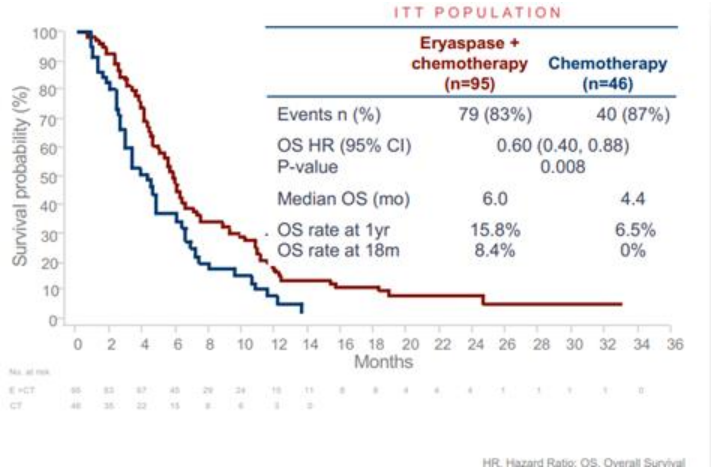
In this trial, patients in the active arm were treated with eryaspase in addition to the current standard of chemotherapy, consisting of either gemcitabine or FOLFOX, depending on which treatment the patient had received as first-line therapy. Patients in the control arm were patients treated with chemotherapy alone. Patients were randomized at a 2:1 ratio. Prior to enrolling each patient in this trial, we used a diagnostic test to assess the level of ASNS expression in such patient's cancer cells. We included both patients with no or low ASNS expression levels and patients with normal or high ASNS expression levels in the trial.

Endpoints

The co-primary endpoints of the Phase 2b clinical trial were progression-free survival, or PFS, and overall survival, or OS, rates, as measured by the hazard ratio, or HR, for the patients that were enrolled with no or low ASNS expression levels. The HR represents the chance of events occurring in the treatment arm relative to the chance of events occurring in the control arm. An HR of one means that there is no difference in survival between the two groups, while an HR of greater than one or less than one means that survival was better in one of the groups. The outcome of the trial would be considered positive if the HR was below 0.85 for the low or no ASNS expression group, irrespective of statistical significance. The secondary endpoints of the clinical trial included overall progression-free survival and overall survival rates, as measured by HR, in the entire patient population and for the patients enrolled with normal or high ASNS expression levels, as well as objective response rates and safety outcomes.

Efficacy Results

The primary objectives of the trial were met, with an overall survival HR of 0.65 and a progression-free survival HR of 0.72 in the patient population with no or low ASNS expression levels. This sub-group of the patient population constituted approximately 70% of the trial population. There was also an overall survival benefit in the entire patient population, with a statistically significant overall survival HR of 0.60 (nominal p-value = 0.008), meaning that a reduction in risk of death rate of 40% was observed. The graph below shows the Kaplan-Meier overall survival curve of the trial in the entire patient population. A Kaplan-Meier plot is a graphical statistical method commonly used to describe survival characteristics. Similar results were observed for progression-free survival.



The baseline characteristics and demographics in the patient population were balanced, and overall survival and progression-free survival results appeared to be consistent across different sub-groups, including age, gender and prior treatment.

An unexpected finding from these results was that the ASNS expression level in the patients did not appear to be predictive of treatment efficacy. However, the ASNS expression level does appear to be a prognostic factor. Patients with high ASNS expression levels appear to have a worse prognosis, and their relative response to eryaspase seems to be relatively higher in this group than the patients with no, low or normal ASNS expression levels. Based on this finding, we believe future clinical trials may be conducted in the entire patient population, independent of ASNS expression levels.

Ongoing – TRYbeCA-1 Trial

Following our positive Phase 2b clinical trial results, we launched TRYbeCA-1, a pivotal Phase 3 clinical trial of eryaspase for second-line metastatic pancreatic cancer. The TRYbeCA-1 trial is evaluating eryaspase in combination with standard chemotherapy, compared to standard chemotherapy (gemcitabine/nab-paclitaxel or an irinotecan-based regimen) alone, in approximately 500 patients at approximately 100 clinical sites in Europe and the United States (including approximately 20 sites in the United States). Patients who meet the eligibility criteria are randomized 1-to-1 to receive eryaspase in combination with standard chemotherapy (gemcitabine/abraxane or irinotecan-based regimen) or chemotherapy alone until disease progression. The primary endpoint is overall

survival. The main secondary endpoints include progression-free survival, objective response rate, disease control rate, quality of life and safety. Patient enrollment in this trial, which we refer to as the TRYbeCA-1 trial, began in September 2018 in Europe and we received the acceptance by the FDA of our IND application to extend the trial to the United States in May 2019. To date, we have obtained clinical trial authorizations in the United States and from 11 European countries and we are actively recruiting and open for patient enrollment at more than 65 clinical sites in Europe and in the United States. As of the end of February 2020, more than two-thirds of the approximately 500 patients to be enrolled in the trial have been randomized.

We expect to conduct an interim analysis when approximately two-thirds of overall survival events (*i.e.* two-thirds of the number of deaths required to make the final analysis of the overall survival in the trial) have occurred. The IDMC reviewed the safety data of the first 150 patients enrolled and treated in the TRYbeCA-1 trial. No safety issues were identified and the IDMC recommended that we continue the trial as planned. We expect to report interim data from the TRYbeCA-1 trial in the third quarter of 2020. The trial will either continue toward a final analysis, expected in the first half of 2021 or will be stopped for superiority if the primary endpoint is met by demonstrating a significant improvement in overall survival (OS). In the event the primary endpoint is met at the time of the interim analysis, we intend to complete the full analysis of the trial results and proceed toward preparing both a MAA and a BLA for eryaspase in Europe and the United States, respectively.

Next Steps in Pancreatic Cancer

We are supporting a proof-of-concept investigator-sponsored Phase 1 clinical trial evaluating the safety of eryaspase in combination with FOLFIRINOX for the treatment of first-line pancreatic cancer patients in the second half of 2020, as well as in other indications of pancreatic cancer. Georgetown Lombardi Comprehensive Cancer Center, the sponsor of the trial, has submitted an IND to the FDA. With this in mind, we have initiated further preclinical work to assess the combinability of eryaspase with other compounds used in the treatment of pancreatic cancer patients.

Both the FDA and EMA have granted orphan drug designation for eryaspase or GRASPA for the treatment of pancreatic cancer. Orphan drug designation provides manufacturers with research grants, tax credits and eligibility for marketing exclusivity of up to seven years in the United States and 10 years in Europe.

We retain worldwide rights to commercialize eryaspase for the pancreatic cancer indication.

Ongoing and Planned Clinical Development in Triple Negative Breast Cancer and Other Solid Tumors

Following the results with eryaspase in the proposed treatment of second-line metastatic pancreatic cancer, we conducted a comprehensive evaluation to determine other potential solid tumor indications and selected metastatic TNBC as the next indication to evaluate in order to expand the potential use of eryaspase in solid tumors. TNBC is an aggressive and metabolically active form of breast cancer with high rates of symptomatic metastases. TNBC cells lack expression of estrogen and progesterone receptors and do not overexpress HER2. Scientific literature estimates that approximately 10% to 20% of the 600,000 breast cancers that are diagnosed each year in the United States and Europe in aggregate are classified as TNBC. As commonly-utilized hormone therapy and HER2 targeting agents are not treatment options for women with TNBC, there is significant unmet need for novel therapeutic approaches in this subtype of breast cancer. At the end of 2018, we launched a Phase 2 proof-of-concept clinical trial in this indication in Europe, which we refer to as the TRYbeCA-2 trial. The trial is now open for enrollment in four European countries and we announced enrollment of the first patient in June 2019. As of December 31, 2019, 11 patients were enrolled in Europe for the TRYbeCA-2 trial. The TRYbeCa2 trial, will evaluate eryaspase in combination with chemotherapy, compared to chemotherapy alone in approximately 64 patients. The primary endpoint of the trial is objective response rate. The main secondary endpoints of the trial include progression free survival, metabolic response, safety and biomarkers. We expect to report final data from the TRYbeCA-2 trial in 2021.

Planned Clinical Development in Other Solid Tumors

Preclinical work is ongoing to identify other relevant solid tumor indications, including a review of the use of the product candidate in combination with chemotherapy and immunotherapy compounds.

Eryaspase for the Treatment of Acute Lymphoblastic Leukemia (ALL)

We were previously developing eryaspase, or GRASPA, for the treatment of children and adults with ALL in combination with chemotherapy. We have completed five clinical trials in ALL in Europe and in the United States in which a total of 166 patients with ALL were enrolled, of which 132 patients were treated with eryaspase.

Different hard-to-treat sub-indications of ALL were targeted in these trials, relapsed and refractory patients, adults and elderly patients and patients who were allergic to other asparaginases. We believe the results of our trials support our hypothesis that encapsulation

could prolong asparaginase activity and reduce its side-effects. We also observed eryaspase to have an improved clinical benefit as compared to native L-asparaginase in our completed clinical trials, as described below.

A Phase 2/3 clinical trial in 80 children and adults with relapsed ALL, completed in 2014, achieved both of its primary endpoints:

- *Lower Incidence of Allergic Reactions*. Among the non-allergic patients, none of the 26 patients treated with GRASPA experienced an allergic reaction during the induction phase, compared to 13 patients out of 28, or 46%, of those treated with native L-asparaginase in the control group.
- *Superior Duration of L-Asparaginase Activity*. Among the non-allergic patients, the patients treated with GRASPA maintained a mean duration of L-asparaginase activity above 100 U per liter for 18.9 days, with at most two injections during the first month of treatment. This result compared to a mean duration of activity of 8.5 days in the control group, who received up to eight injections of native L-asparaginase.

Eryaspase or GRASPA was also observed to have an improved clinical benefit as compared to native L-asparaginase based on its achievement of the secondary efficacy endpoints:

- *Higher Complete Remission Rate*. At the end of the induction phase, the non-allergic patients in the GRASPA treatment arm, or 76%, had achieved complete remission, or the disappearance of all signs of cancer in response to treatment, as compared to 46.4%, in the control arm. Among the allergic patients, 60% achieved complete remission after treatment with GRASPA.
- *Improved Minimal Residual Disease Rate*. Among the non-allergic patients, nine out of 26, or 35%, achieved low levels of residual leukemic cells classified as minimal residual disease, or MRD, at the end of the induction phase, as compared to seven out of 28, or 25%, of those in the control group. Among the allergic patients, six out of 26, or 23%, achieved MRD after treatment with GRASPA.
- *Improved Overall Survival Rates*. 12-month overall survival rates among the non-allergic patients treated with GRASPA were 76.9%, compared to 67.9%, for those in the control group. 12-month overall survival in the allergic group of patients was 50%. Based on three years of follow-up, a nominal improvement of overall survival was observed (HR = 0.73).

Treatment with GRASPA was generally well tolerated. Drug-related adverse events generally consisted of allergic reactions, clotting problems, liver toxicities and pancreas disorders. None of the 52 patients receiving GRASPA during the Phase 2/3 trial had an adverse event leading to discontinuation of the trial, as compared to 13 out of the 28 patients, or 46%, in the control arm. A total of three patients out of the 52 patients treated with GRASPA during the trial experienced serious adverse events determined to be drug-related.

Based on the positive efficacy and safety results from our Phase 2/3 pivotal trial, we submitted a Marketing Authorization Application, or MAA, to the EMA for GRASPA for the treatment of relapsed or refractory ALL in September 2015. Following discussions with the EMA, we withdrew the MAA in November 2016. We conducted activities designed to provide data regarding immunogenicity and pharmacodynamics of eryaspase, as well as comparability of eryaspase produced with native versus recombinant L-asparaginase, and resubmitted an MAA in October 2017. In June 2018, based on feedback from the EMA and FDA, it appeared that significant additional investment would be required in order to seek regulatory approval of eryaspase for the treatment of ALL. In the context of the rapidly changing and increasingly competitive landscape with newly-approved treatment options for ALL, the regulatory feedback and what we observed to be a limited market opportunity for eryaspase in ALL, we elected to cease further clinical development efforts in ALL. Accordingly, we withdrew our MAA in the second half of 2018.

Despite our ceasing clinical development efforts in this indication, an investigator-sponsored trial, initiated in 2017 by the Nordic Society of Pediatric Haematology and Oncology, or NOPHO, is still ongoing. The Phase 2 trial was expected to enroll approximately 30 patients at 22 sites across seven Nordic and Baltic countries. The trial protocol was amended in 2019 to increase the number of patients to be recruited up to 50 patients. The main objectives of this trial are to evaluate the pharmacokinetic and pharmacodynamic activity, safety and immunogenicity profile of eryaspase in combination with NOPHO's multi-agent chemotherapy protocol for ALL, administered as second-intention treatment for children or adult ALL patients, one year to 45 years of age, who experience hypersensitivity reactions to PEG-asparaginase or silent inactivation. We expect interim data from the NOPHO trial to be available in the first half of 2020 and final results in the second half of 2020.

Other ERYCAPS Development Programs

In addition to our product pipeline centered on L-asparaginase treatment, we are using our proprietary patent-protected ERYCAPS platform to identify additional enzymes that could induce tumor starvation. We have received funding from BPI France for a research program, known as the TEDAC program, intended to identify additional tumor starvation agents and to identify companion diagnostic tests. In preclinical studies performed under the TEDAC program, we have identified two other amino acids, methionine and arginine, and their respective enzymes, methionine-γ-lyase, or MGL, and arginine deiminase, or ADI, that we believe may be promising treatments when encapsulated inside red blood cells.

In 2017, we presented preclinical data with our product candidate erymethionase, which consists of MGL in red blood cells, at the American Society of Clinical Oncology Gastrointestinal Cancers Symposium and the American Association for Cancer Research conferences. We intend to continue to work on the development of erymethionase as well as potential other therapeutic strategies based on methionine depletion, depending on financial resources and business strategy. We are also evaluating eryminase, which consists of ADI encapsulated inside red blood cells, as a potential product candidate for further clinical development. In 2017, we entered into a research collaboration with the Fox Chase Cancer Center to advance the preclinical development of erymethionase for the treatment of homocystinuria and with Queen's University of Canada to advance the preclinical development of eryminase for the treatment of arginase-1-deficiency. In September 2017, we presented early preclinical data on both programs at the 13th International Congress of Inborn Errors of Metabolism (ICIEM).

In addition, we currently have two other preclinical development programs ongoing. ERYZYME is a preclinical development program designed to use our proprietary ERYCAPS platform for enzyme-based therapies beyond oncology. We encapsulate therapeutic enzymes inside donor-derived red blood cells using our proprietary ERYCAPS platform in order to create ERYZYME product candidates to target certain metabolic diseases. We believe that the encapsulation of the therapeutic enzymes in the red blood cells may be able to reduce the potential for allergic reactions and to allow the therapeutic substance to remain in the body longer as compared to non-encapsulated enzymes.

ERYMMUNE is a preclinical development program exploring the use of our proprietary ERYCAPS platform to encapsulate tumor antigens and/or adjuvants within red blood cells as an innovative approach to cancer immunotherapy. Based on our preclinical research, we believe that encapsulated tumor antigens can be targeted to the spleen, in order to induce an immune response, resulting in sustained activation of the body's immune system to fight cancers. In preclinical studies with three different antigens loaded in red blood cells, we have observed promising proof-of-concept data in three different tumor models. In these studies, we observed significantly increased antigen-specific CD8+ and CD4+ T-cell responses and delays in tumor growth when the encapsulated antigens were injected in mice with tumors, as compared to the injection of the unloaded antigens alone. We plan to continue incubating this platform to confirm our earlier preclinical data and to determine our development strategy for these earlier-stage programs. Proof-of-principle studies of ERYMMUNE are ongoing and will be the basis on which we will decide on the best way to value creation for this technology.

Manufacturing and Supply

We currently operate two manufacturing facilities to manufacture our product candidates.

Our primary production facility for Europe is based in Lyon, France. This production facility complies with European cGMP. We have extended the capacity of our Lyon facility in July 2019 to ensure supply in our ongoing and future clinical trials, as well as anticipated early commercial needs, if eryaspase is approved for marketing. We believe our current leased space is sufficient to meet our current needs in Europe.

For our clinical trials in the United States, we started manufacturing GMP-compliant batches out of our manufacturing facility in Princeton, New Jersey in the fourth quarter of 2019. This manufacturing facility was designed with the ability to scale production
to supply eryaspase to meet our anticipated clinical trial needs, including our supply requirements for U.S. patients in the TRYbeCA-1 trial, and for our anticipated initial commercial needs in the United States if eryaspase is approved. In connection with the transition to our Princeton facility, we closed our small production facility in Philadelphia, Pennsylvania in January 2020.

We believe our production facilities will be sufficient to supply eryaspase for our ongoing Phase 2 and Phase 3 clinical trials and for our anticipated initial commercial needs of eryaspase in Europe and the United States, in the event we receive appropriate marketing authorizations.

In Europe, we purchase packed red blood cells from the French Blood Agency (*Ėtablissement Français du Sang*) and the German Red Cross Blood Donor Service. In the United States, we have supply agreements with the American Red Cross and the New York Blood Center.

In the case of eryaspase, we have the manufacturing and logistics in place to deliver eryaspase to patients in approximately 24 hours from the start of production to delivery of the product candidate to the hospital. Once a prescription is written, we receive an order for eryaspase from the hospital. We then source a pack of red blood cells, compatible with the patient's blood type, from one of our partner blood banks. After identification of the key parameters of the red blood cell unit, we encapsulate the L-asparaginase into the red blood cells using an automated process that takes three to four hours. Before release, the product must meet a number of quality control specifications, including the number of red blood cells in the packed product, the level of L-asparaginase activity, the amount of extracellular L-asparaginase in the blood and the integrity of the container holding the red blood cells. We then deliver the product to the hospital using a third-party commercial overnight delivery service. We ship the product at a refrigerated temperature of between two and eight degrees Celsius, or approximately 36 to 46 degrees Fahrenheit. At this temperature, the product has been shown to remain stable for five days. Once removed and ready for administration, the product remains stable for six hours at room temperature.

In May 2011, we entered into a worldwide supply agreement, as subsequently amended on April 4, 2014 and July 25, 2016, which we refer to as the 2011 Medac Agreement, under which Medac has agreed to supply us with their new, recombinant free-form L-asparaginase, called Spectrila, for which Medac obtained a European marketing approval in 2016. The 2011 Medac Agreement includes an exclusivity period, starting from the date of commercial authorization of eryaspase/GRASPA for a duration of five years. The term of the 2011 Medac Agreement is until December 2028, provided, that Medac is entitled, upon expiration of the five-year exclusivity period, to terminate the agreement, upon five years' notice, in the event its supplier of the recombinant formulation of L-asparaginase discontinues supplying to Medac. The July 2016 amendment nullified the clauses providing that we could have been forced to refrain from any form of promotion of eryaspase/GRASPA if such product was produced from a new formulation of asparaginase registered and marketed prior to eryaspase/GRASPA as a first-line treatment. We are exclusively using this new recombinant formulation of L-asparaginase in eryaspase for new indications, including our ongoing clinical trials for pancreatic cancer, and no longer intend to use the native form of asparaginase for eryaspase.

Commercialization

As we move our product candidates through development toward regulatory approval in the United States and Europe, we will evaluate several options for each product candidate's commercialization strategy. These options include building our own internal sales force and distribution units or entering into collaborations with third parties for the distribution and marketing of the approved products. We generally expect to retain commercial rights to our product candidates, but we will also evaluate collaborative arrangements with third parties for the commercialization and distribution of our product candidates for specified indications and in specified territories where appropriate. We previously entered into collaborations with Teva for the distribution of GRASPA as a treatment of ALL in Israel, and with Orphan Europe, part of the Recordati Group, for the distribution of GRASPA as a treatment of ALL and AML in Europe. As a consequence of our withdrawal of the MAA for ALL and our decision to focus on solid tumors, our agreement with Orphan Europe was terminated in the first half of 2019 without financial consequences to us. The agreement with Teva is still in effect, but, at this time, there are no current ongoing obligations under the agreement. With the exception of Israel, we have retained worldwide rights to commercialize eryaspase for the treatment of all indications, including ALL, pancreatic cancer and TNBC. We have retained worldwide commercial rights for all of our other product candidates.

Intellectual Property

Our patent portfolio includes pending patent applications and issued patents in the United States and foreign countries. These patents and applications include 15 patent families we own in our own name with more than 270 granted patents, summarized below:

TECHNOLOGY	NUMBER OF PATENT FAMILIES	EXPIRATION YEARS FOR EACH PATENT FAMILY *	COUNTRIES IN WHICH PATENTS ARE ISSUED (OR ALLOWED/ACCEPTED)
RBC Encapsulation Platform	2	2024 - 2030 2033 - 2034	Japan, Europe, Australia, China, United States, South Korea, India, Canada, Russia, Hong Kong, Mexico, GCC, Israel
Eryaspase	3	2027 - 2029 2032 - 2033 2028 - 2029	Europe, United States, Australia, Singapore, Israel, Japan, South Korea, China, India, United Arab Emirates, GCC, Russia Canada, Hong Kong
Other Onco-metabolism	4	2026 2034 - 2035 2035 - 2036 2038	Europe, Japan, China, Canada, South Korea, Australia, United States, Hong Kong, Israel, Russia, GCC
Rare Metabolic Disorders	3	2028 2033 - 2034 2037 - 2038	Europe, Israel
Immunology	2	2030 2027 - 2028	Australia, Singapore, France, China, Israel, South Korea, Europe, United States, Japan, United Arab Emirates, Canada, Hong Kong
Small Molecule	1	2028 - 2029	Europe, Israel, China, Australia, Singapore, South Korea, Canada, Hong Kong

* *This expiration year does not take into account supplementary patent protection that could be obtained for some of our patents in the United States, Europe, Japan and other countries. Expiration dates for U.S. patents not yet granted may be subject to patent term adjustment (PTA) and/or patent term extension (PTE).*

Of our 15 patent families, 12 patent families currently include at least one issued patent.

The term of a U.S. patent may be eligible for patent term restoration under the Hatch-Waxman Act to account for at least some of the time the drug or method of manufacture is under development and regulatory review after the patent is granted. With regard to a drug or method of manufacture for which FDA approval is the first permitted marketing of the active ingredient, the Hatch-Waxman Act allows for extension of the term of one U.S. patent. The extended patent term cannot exceed the shorter of five years beyond the non-extended expiration of the patent or 14 years from the date of the FDA approval of the drug or method of manufacture. Some foreign jurisdictions have analogous patent term extension provisions that allow for extension of the term of a patent that covers a device approved by the applicable foreign regulatory agency. In the future, if and when our product candidates receive FDA approval, we expect to apply for patent term extensions on the patents that we believe will provide the best exclusivity position if extended.

In addition to patent protection, we have trademark protection in many countries for our name, logo and several product candidates. None of our trademarks are subject to a third-party license.

Patent License from Radboud University

In 2018, we entered into an exclusive license agreement with Radboud University (the Netherlands), or Radboud, under which Radboud has granted us an exclusive license to a patent family, including an unpublished U.S. provisional application filed August 31, 2018 and an unpublished PCT application filed December 6, 2018, directed to synergistic combinations of amino acid depletion agents, or AADA, and amino acid depletion agent sensitizers. We intend to use the patent rights licensed from Radboud to develop product candidates, either alone or in collaboration with external partners, including product candidates that contain eryaspase as the AADA. Under the terms of the exclusive license agreement, we may also sublicense the patent rights to external partners to generate sublicense revenue.

Competition

The biotechnology and pharmaceutical industries are highly competitive and subject to significant and rapid technological change as researchers learn more about diseases and develop new technologies and treatments. Significant competitive factors in our industry include product efficacy and safety; quality and breadth of an organization's technology; skill of an organization's employees and its ability to recruit and retain key employees; timing and scope of regulatory approvals; government reimbursement rates for, and the average selling price of, products; the availability of raw materials and qualified manufacturing capacity; manufacturing costs; intellectual property and patent rights and their protection; and sales and marketing capabilities. We cannot ensure you that any of our products that we successfully develop will be clinically superior or scientifically preferable to products developed or introduced by our competitors.

Our competitors may also succeed in obtaining EMA, FDA or other regulatory approvals for their product candidates more rapidly than we are able to do, which could place us at a significant competitive disadvantage or deny us marketing exclusivity rights.

Market acceptance of our product candidates will depend on a number of factors, including:

- potential advantages over existing or alternative therapies or tests;
- the actual or perceived safety of similar classes of products;
- the effectiveness of our sales, marketing, and distribution capabilities; and
- the scope of any approval provided by the FDA or foreign regulatory authorities.

Although we believe our product candidates possess attractive attributes, we cannot ensure that our product candidates will achieve regulatory or market acceptance, or that we will be able to compete effectively in the biopharmaceutical drug markets. If our product candidates fail to gain regulatory approvals and acceptance in their intended markets, we may not generate meaningful revenues or achieve profitability.

In general, eryaspase will be positioned as an add-on to standard chemotherapeutic regimens. In pancreatic adenocarcinoma, gemcitabine-based (e.g. gemcitabine and nab paclitaxel, Celgene's Abraxane) and fluoropyrimidine-based (e.g. FOLFIRINOX, comprised of fluorouracil, leucovorin, irinotecan and oxaliplatin) chemotherapy regimens are standards of care for the first-line treatment of patients with metastatic disease. Our ongoing TRYbeCA-1 trial in second-line metastatic pancreatic adenocarcinoma is evaluating the addition of eryaspase to both (i) gemcitabine and Celgene's Abraxane in patients whose disease has progressed on a prior fluoropyrimidine-based chemotherapy and (ii) an irinotecan-based regimen, including the approved liposomal formulation of irinotecan, Ipsen/Servier's Onivyde, in combination with flurouracil and leucovorin in patients whose disease has progressed on a prior gemcitabine-based regimen. If approved, we anticipate that eryaspase will be used in combination with gemcitabine-based and irinotecan-based regimens.

Depending on the results of the TRYbeCA-1 trial, we believe eryaspase has the potential to be seen as competitive to or as a combination partner for many of these agents. Eryaspase could potentially face competition from several investigational agents currently being evaluated in metastatic patients who have progressed on previous first-line chemotherapy. These include, but are not limited to, Eleison Pharmaceuticals' glufosfamide, SynCore Biotechnology's EndoTAG-1, BMS/Five Prime Therapeutics' cabiralizumab, Tyme Technologies' SM-88 and BioLineRx' BL-8040. Eryaspase could also potentially compete with agents being evaluated in combination with standard chemotherapy regimens for the first-line treatment of metastatic disease. These include, but are not limited to, Rafael Pharmaceuticals' CPI-613, Apexigen' APX005M and Astellas' zolbetuximad.

In TNBC, we expect eryaspase to be used in combination with various chemotherapy agents that are used to treat metastatic triple negative disease, including taxanes (paclitaxel, docetaxel and Celgene's Abraxane), capecitabine, and Eisai's Halaven. Eryaspase could potentially face competition from small molecule poly-ADP ribose polymerase (PARP) inhibitors, including, but not limited to, AstraZeneca/Merck's Lynparza and Pfizer's Talzenna, which received FDA approval for the treatment of germline BRCA mutant metastatic breast cancer in 2018; PD-1/PD-L1 antibodies, including, but not limited to, Roche's Tecentriq which was approved in 2019 by the FDA for metastatic TNBC; and other molecules in development, including, but not limited to, Immunomedics' sacituzumab govitecan, Roche's ipatasertib, Astrazeneca' capivasertib and Seattle Genetics' ladiratuzumab vedotin.

Though there are several L-asparaginase based products approved for use in ALL, we do not believe that these products are being evaluated in the solid tumor indications we are pursuing with eryaspase at this time.

Many of the companies against which we are competing, or against which we may compete in the future, have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Government Regulation

Government authorities in the United States at the federal, state and local level and in other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of drug and biological products, or biologics, such as our product candidates. Generally, before a new drug or biologic can be marketed, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific to each regulatory authority, submitted for review and approved by the regulatory authority.

U.S. Biological Product Development

In the United States, the FDA regulates biologics under the Federal Food, Drug, and Cosmetic Act, or FDCA, and the Public Health Service Act, or PHSA, and their implementing regulations. Biologics are also subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product recalls or withdrawals from the market, product seizures, total or partial suspension of production or distribution injunctions, fines, refusals of government contracts, restitution, disgorgement, reputational harm, and/or civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

Our product candidates must be approved by the FDA through the Biologics License Application, or BLA, process before they may be legally marketed in the United States. The process required by the FDA before a biologic may be marketed in the United States generally involves the following:

- completion of extensive nonclinical, sometimes referred to as preclinical laboratory tests, preclinical animal studies and formulation studies in accordance with applicable regulations, including the FDA's Good Laboratory Practice, or GLP, regulations;
- submission to the FDA of an IND, which must become effective before human clinical trials may begin;

- performance of adequate and well-controlled human clinical trials in accordance with applicable IND and other clinical trial-related regulations, sometimes referred to as Good Clinical Practices, or GCPs, to establish the safety and efficacy of the proposed product candidate for its proposed indication;
- submission to the FDA of a BLA;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities where the product is produced to assess compliance with the FDA's cGMP requirements to assure that the facilities, methods and controls are adequate to preserve the product's identity, strength, quality, purity and potency;
- potential FDA audit of the preclinical and clinical trial sites that generated the data in support of the BLA; and
- FDA review and approval of the BLA prior to any commercial marketing or sale of the product in the United States.

The data required to support a BLA is generated in two distinct development stages: preclinical and clinical. The preclinical development stage generally involves laboratory evaluations of drug chemistry, formulation and stability, as well as studies to evaluate toxicity in animals, which support subsequent clinical testing. The conduct of the preclinical studies must comply with federal regulations, including GLPs. The sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human trials. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions regarding the proposed clinical trials and places the IND on clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. The FDA may also impose clinical holds on a product candidate at any time before or during clinical trials due to safety concerns or non-compliance. Accordingly, we cannot be sure that submission of an IND will result in the FDA allowing clinical trials to begin, or that, once begun, issues will not arise that could cause the trial to be suspended or terminated.

The clinical stage of development involves the administration of the product candidate to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Further, each clinical trial must be reviewed and approved by an independent institutional review board, or IRB, at or servicing each institution at which the clinical trial will be conducted. An IRB is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed.

There are also requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries. Sponsors of clinical trials of FDA-regulated products, including biologics, are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov. Information related to the product, patient population, phase of investigation, study sites and investigators, and other aspects of the clinical trial is then made public as part of the registration. Sponsors are also obligated to discuss the results of their clinical trials after completion. Disclosure of the results of these trials can be delayed until the new product or new indication being studied has been approved.

Clinical trials are generally conducted in three sequential phases that may overlap, known as Phase 1, Phase 2 and Phase 3 clinical trials. Phase 1 clinical trials generally involve a small number of healthy volunteers who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate and, if possible, to gain early evidence on effectiveness. Phase 2 clinical trials typically involve studies in disease-affected patients to determine the dose required to produce the desired benefits. At the same time, safety and further pharmacokinetic and pharmacodynamic information is collected, as well as identification of possible adverse effects and safety risks and preliminary evaluation of efficacy. Phase 3 clinical trials generally involve large numbers of patients at multiple sites, in multiple countries, from several hundred to several thousand subjects, and are designed to provide the data necessary to demonstrate the efficacy of the product for its intended use and its safety in use, and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product approval. Phase 3 clinical trials may include comparisons with placebo and/or other comparator treatments. The duration of treatment is often extended to mimic the actual use of a product during marketing. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of a BLA.

Post-approval trials, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In some instances, FDA may condition approval of a BLA on the sponsor's agreement to conduct additional clinical trials to further assess the biologic's safety and effectiveness after BLA approval.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected suspected adverse events or any finding from tests in laboratory animals that suggests a significant risk for human subjects. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA, the IRB, or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated intervals based on access to certain data from the trial. We may also suspend or terminate a clinical trial based on evolving business objectives and/or competitive climate. Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the product candidate as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

BLA and FDA Review Process

Following trial completion, trial data is analyzed to assess safety and efficacy. The results of preclinical studies and clinical trials are then submitted to the FDA as part of a BLA, along with proposed labeling for the product and information about the manufacturing process and facilities that will be used to ensure product quality, results of analytical testing conducted on the chemistry of the product candidate, and other relevant information. The BLA is a request for approval to market the biologic for one or more specified indications and must contain proof of safety, purity, potency and efficacy, which is demonstrated by extensive preclinical and clinical testing. The application includes both negative or ambiguous results of preclinical and clinical trials, as well as positive findings. Data may come from company-sponsored clinical trials intended to test the safety and efficacy of a use of a product, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and efficacy of the investigational product to the satisfaction of the FDA. FDA approval of a BLA must be obtained before a biologic may be offered for sale in the United States.

Under the Prescription Drug User Fee Act, or PDUFA, as amended, each BLA must be accompanied by a significant user fee, which is adjusted on an annual basis. PDUFA also imposes an annual product fee for human drugs and an annual establishment fee on facilities used to manufacture prescription drugs. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business.

Once a BLA has been accepted for filing, which occurs, if at all, 60 days after the BLA's submission, the FDA's goal is to review BLAs within 10 months of the filing date for standard review or six months of the filing date for priority review, if the application is for a product intended for a serious or life-threatening disease or condition and the product, if approved, would provide a significant improvement in safety or effectiveness. The review process is often significantly extended by FDA requests for additional information or clarification.

After the BLA submission is accepted for filing, the FDA reviews the BLA to determine, among other things, whether the proposed product candidate is safe and effective for its intended use, and whether the product candidate is being manufactured in accordance with cGMP to assure and preserve the product candidate's identity, strength, quality, purity and potency. The FDA may refer applications for novel drug product candidates or drug product candidates which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions. The FDA will likely re-analyze the clinical trial data, which could result in extensive discussions between the FDA and us during the review process.

The review and evaluation of a BLA by the FDA is extensive and time consuming and may take longer than originally planned to complete, and we may not receive a timely approval, if at all.

Before approving a BLA, the FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMP. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. In addition, before approving a BLA, the FDA may also audit data from clinical trials to ensure compliance with GCP requirements. After the FDA evaluates the application, manufacturing process and manufacturing facilities, it may issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application is not ready for approval. A Complete Response Letter usually describes all of the specific deficiencies in the BLA identified by the FDA. The Complete Response Letter may require additional clinical data and/or an additional pivotal Phase 3 clinical trial(s), and/or other significant and time-consuming requirements related to clinical trials, preclinical studies or manufacturing. If a Complete Response Letter is issued, the applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information is submitted, the FDA may ultimately decide that the BLA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive and the FDA may interpret data differently than we interpret the same data.

There is no assurance that the FDA will ultimately approve a product for marketing in the United States, and we may encounter significant difficulties or costs during the review process. If a product receives marketing approval, the approval may be significantly limited to specific populations, severities of allergies, and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling or may condition the approval of the BLA on other changes to the proposed labeling, development of adequate controls and specifications, or a commitment to conduct post-market testing or clinical trials and surveillance to monitor the effects of approved products. For example, the FDA may require Phase 4 testing, which involves clinical trials designed to further assess the product's safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. The FDA may also place other conditions on approvals including the requirement for a Risk Evaluation and Mitigation Strategy, or REMS, to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS. The FDA will not approve the NDA without an approved REMS, if required. A REMS could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

Other U.S. Regulatory Matters

Manufacturing, sales, promotion and other activities following product approval are also subject to regulation by numerous regulatory authorities in addition to the FDA, including, in the United States, the Centers for Medicare & Medicaid Services, or CMS, other divisions of the Department of Health and Human Services, or HHS, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration, the Environmental Protection Agency and state and local governments. In the United States, sales, marketing and scientific or educational programs must comply with state and federal fraud and abuse laws, data privacy and security laws, transparency laws, and pricing and reimbursement requirements in connection with governmental payor programs, among others. The handling of any controlled substances must comply with the U.S. Controlled Substances Act and Controlled Substances Import and Export Act. Products must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act. Manufacturing, sales, promotion and other activities are also potentially subject to federal and state consumer protection and unfair competition laws. The distribution of pharmaceutical products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products.

The failure to comply with regulatory requirements subjects' entities to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in criminal prosecution, fines or other penalties, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of product approvals, or refusal to allow an entity to enter into supply contracts, including government contracts. In addition, even if an entity complies with FDA and other regulatory requirements, new information regarding the safety or efficacy of a product could lead the FDA to modify or withdraw product approval. Prohibitions or restrictions on sales or withdrawal of future products marketed by us could materially affect our business in an adverse way.

Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements, and/or our commercial operations; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products; or (iv) additional record-keeping and/or documentation requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

U.S. Patent Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of the FDA approval of our product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of a BLA plus the time between the submission date of a BLA and the approval of that application. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we may apply for restoration of patent term for our currently owned or licensed patents to add patent life beyond their current expiration dates, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant BLA.

An abbreviated approval pathway for biological products shown to be similar to, or interchangeable with, an FDA-licensed reference biological product was created by the Biologics Price Competition and Innovation Act of 2009. Biosimilarity, which requires that the biological product is highly similar to the reference product notwithstanding minor differences in clinically inactive components and that there be no clinically meaningful differences between the product and the reference product in terms of safety, purity, and potency, can be shown through analytical studies, animal studies, and a clinical trial or trials. Interchangeability requires that a biological product is biosimilar to the reference product and the product can be expected to produce the same clinical results as the reference product and, for products administered multiple times, the product and the reference product may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biological product. However, complexities associated with the larger, and often more complex, structure of biological products, as well as the process by which such products are manufactured, pose significant hurdles to implementation that are still being worked out by the FDA.

A reference biological product is granted 12 years of exclusivity from the time of first licensure of the reference product. The first biological product submitted under the abbreviated approval pathway that is determined to be interchangeable with the reference product has exclusivity against other biologics submitting applications under the abbreviated approval pathway for the lesser of one year after the first commercial marketing, 18 months after approval if there is no legal challenge, 18 months after the resolution in the applicant's favor of a lawsuit challenging the biologic's patents if an application has been submitted, or 42 months after the application has been approved if a lawsuit is ongoing within the 42-month period.

Pediatric exclusivity is another type of regulatory market exclusivity in the United States. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric trial in accordance with an FDA-issued "Written Request" for such a trial.

European Union Drug Development

In the European Union, our product candidates may also be subject to extensive regulatory requirements. Medicinal products can only be marketed if a marketing authorization from the competent regulatory agencies has been obtained.

The various phases of preclinical and clinical research in the European Union are subject to significant regulatory controls. Clinical trials of medicinal products in the European Union must be conducted in accordance with European Union and national regulations and the International Conference on Harmonization, or ICH, guidelines on Good Clinical Practices, or GCP. Although the EU Clinical Trials Directive 2001/20/EC has sought to harmonize the European Union clinical trials regulatory framework, setting out common rules for the control and authorization of clinical trials in the European Union, the EU Member States have transposed and applied the provisions of the Directive differently. This has led to significant variations in the Member State regimes. To improve the current system, Regulation (EU) No 536/2014 on clinical trials on medicinal products for human use, which repealed Directive 2001/20/EC, was adopted on April 16, 2014 and published in the European Official Journal on May 27, 2014. The Regulation aims at harmonizing and streamlining the clinical trials authorization process, simplifying adverse event reporting procedures, improving the supervision of clinical trials, and increasing their transparency. Although the Regulation entered into force on June 16, 2014, it has not yet become applicable. The entry into application of the Regulation is expected to occur at some point in 2020 (its enactment will occur six months after the publication of a notice delivered by the European Commission on the European Union clinical trial portal and database). Until then the Clinical Trials Directive 2001/20/EC will still apply. In addition, the transitory provisions of the new Regulation offer the sponsors the possibility to choose between the requirements of the Directive and the Regulation for one year from the entry into application of the Regulation.

Under the current regime, before a clinical trial can be initiated it must be approved in each of the EU Member States where the trial is to be conducted by two distinct bodies: the National Competent Authority, or NCA, and one or more Ethics Committees, or ECs. Under the current regime all suspected unexpected serious adverse reactions, or SUSARs, to the investigated drug that occur during the clinical trial have to be reported to the NCA and ECs of the Member State where they occurred.

European Union Marketing Authorizations

In the European Economic Area, or EEA (which is comprised of the 27 Member States of the European Union plus Norway, Iceland and Liechtenstein),medicinal products can only be commercialized after obtaining a Marketing Authorization, or MA. Marketing Authorizations may be granted either centrally (Community MA) or nationally (National MA).

The Community MA is issued centrally by the European Commission through the Centralized Procedure, based on the opinion of the CHMP of the EMA and is valid throughout the entire territory of the EEA.

Regulation (EC) No 726/2004 of the European Parliament and of the Council of 31 March 2014 provides for the Centralized authorization procedure. The centralized procedure results in a single marketing authorization, or MA, granted by the European Commission that is valid across the EEA. The centralized procedure is compulsory for human drugs that are: (i) derived from biotechnology processes, such as genetic engineering, (ii) contain a new active substance indicated for the treatment of certain diseases, such as HIV/AIDS, cancer, diabetes, neurodegenerative diseases, autoimmune and other immune dysfunctions and viral diseases, (iii) officially designated orphan medicines and (iv) advanced-therapy medicines, or ATMPs, such as gene therapy, somatic cell therapy or tissue-engineered medicines.

Under Article 3 of the Regulation (EC) No 726/2004, the Centralized procedure is optional for any medicinal product not appearing in the Annex if: (1) the medicinal product contains a new active substance which, on the date of entry into force of this Regulation, was not authorized in the Community; or (2) the applicant shows that the medicinal product constitutes a significant therapeutic, scientific or technical innovation or that the granting of authorization in accordance with this Regulation is in the interests of patients or animal health at Community level.

National MAs are issued nationally by the competent authorities of the Member States of the EEA and only cover their respective territory. National MAs are available for products not falling within the mandatory scope of the Centralized Procedure. National MAs may be applied for through the Mutual Recognition Procedure or Decentralized Procedure in order that multiple competent authorities in different member states of the EEA may each issue a national MA in their territory for the same product on the back of the same application. We do not foresee that any of our current product candidates will be suitable for a National MA as they fall within the mandatory criteria for the Centralized Procedure. Therefore, our product candidates will be approved through Community MAs.

Under the above-described procedures, before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

Market exclusivities

The European Union also provides opportunities for market exclusivity. For example, under Article 14(11) of the Regulation (EC) No 726/2004, without prejudice to the law on the protection of industrial and commercial property, medicinal products for human use which have been authorized in accordance with the provisions of this Regulation shall benefit from an eight-year period of data protection and an additional two-year period of marketing protection, which may be extended further one year period, taking the total regulatory exclusivity period to a maximum of 11 years if, during the first eight years of regulatory exclusivity, the MA holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies.

If granted, data exclusivity prevents regulatory authorities in the European Union from referencing the innovator’s data to assess a generic or biosimilar application. During the additional two-year period of market exclusivity, a generic or biosimilar marketing authorization can be submitted, and the innovator’s data may be referenced, but no generic or biosimilar product can be marketed until the expiration of the market exclusivity.

Pediatric clinical trials

Under European law, medicinal products for use in the pediatric population are eligible for rewards and incentives. Under Regulation No 1901/2006, when the intention is to apply for an MA in accordance with Article 7(1) (a) or (d), Article 8 or Article 30, a Paediatric

Investigation Plan, or PIP, must be drawn up and submitted to the EMA with a request for agreement, unless a deferral or waiver applies (e.g., because the relevant disease or condition occurs only in adults) (Article 7).

Pursuant to Regulation (EC) No. 1901/2006, all applications for MA for new medicines must include, in addition to the particulars and documents referred to in Directive 2001/83/EC, the results of all studies performed and details of all information collected in compliance with a PIP, agreed between regulatory authorities and the applicant, unless the medicine is exempt because of a deferral or waiver of the EMA. Before the EMA is able to begin its assessment of a Community MA application, it will validate that the applicant has complied with the agreed PIP. The applicant and the EMA may, where such a step is adequately justified, agree to modify a PIP to assist validation. Modifications are not always possible; may take longer to agree than the period of validation permits; and may still require the applicant to withdraw its marketing authorization application and to conduct additional non-clinical and clinical studies.

Products that are granted a MA on the basis of the pediatric clinical trials conducted in accordance with the PIP are eligible for a six-month extension of the protection under a supplementary protection certificate (if any is in effect at the time of approval) (Regulation No 1901/2006) or, in the case of orphan medicinal products, a two-year extension of the orphan market exclusivity (Regulation (EC) No 1901/2006, see above). This pediatric reward is subject to specific conditions and is not automatically available when data in compliance with the PIP are developed and submitted.

We do not currently know whether our product candidates will need to be covered by a PIP.

Orphan designation

Under Article 8 of the Regulation (EC) No 141/2000, products receiving orphan designation in the European Union can receive ten years of market exclusivity, during which time no similar medicinal product may be placed on the market for the same therapeutic indication. Under Article 37 of the Regulation (EC) No 1901/2006, an orphan product can also obtain an additional two years of market exclusivity in the European Union for pediatric studies (in this case for orphan medicinal product no extension to any supplementary protection certificate can be granted, see further detail below).

Under Article 3 of the Regulation (EC) No 141/2000, a medicinal product may be designated as orphan if: (1) (a) it is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in ten thousand persons in the European Union when the application is made, or (b) it is intended for the diagnosis, prevention or treatment of a life-threatening, seriously debilitating or serious and chronic condition in the European Union and that without incentives it is unlikely that the marketing of the medicinal product in the European Union would generate sufficient return to justify the necessary investment; and (2) that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the European Union or, if such method exists, that the medicinal product will be of significant benefit to those affected by that condition, as defined in Regulation (EC) 847/2000.

Pursuant to Regulation (EC) No. 847/2000 of April 27, 2000 laying down the provisions for implementation of the criteria for designation of a medicinal product as an orphan medicinal product and definitions of the concepts “similar medicinal product” and “clinical superiority”, an application for the designation of a medicinal product as an orphan drug may be submitted at any stage of development of the medicinal product before filing of an MA application.

Orphan medicinal products are eligible for financial incentives such as reduction of fees or fee waivers and scientific assistance for study proposals (Articles 6 and 9). The application for orphan medicinal product designation must be submitted before the application for marketing authorization (Article 5). The applicant will receive a fee reduction for the marketing authorization application if the orphan medicinal product designation has been granted, but not if the designation is still pending at the time the marketing authorization is submitted. Orphan medicinal product designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

The 10-year market exclusivity may be reduced to six years if, at the end of the fifth year, it is established, in respect of the medicinal product concerned, that the above-mentioned criteria for orphan medicinal product designation are no longer met, in other words, when it is shown on the basis of available evidence that the product is sufficiently profitable not to justify maintenance of market exclusivity (Article 8).

Notwithstanding the foregoing, an MA may be granted, for the same therapeutic indication, to a similar medicinal product if:

- the holder of the MA for the original orphan medicinal product has given its consent to the second applicant;
- the holder of the MA for the original orphan drug is unable to supply sufficient quantities of the medicinal product; or
- the second applicant can establish in the application that the second medicinal product, although similar to the orphan medicinal product already authorized, is safer, more effective or otherwise clinically superior.

Pharmacovigilance system

The holder of an MA must establish and maintain a pharmacovigilance system and appoint an individual qualified person for pharmacovigilance, or QPPV, who is responsible for oversight of that system. Key obligations include expedited reporting of suspected serious adverse reactions and submission of periodic safety update reports, or PSURs.

All new MAAs must include a risk management plan, or RMP, describing the risk management system that the company will put in place and documenting measures to prevent or minimize the risks associated with the product. The regulatory authorities may also impose specific obligations as a condition of the MA. Such risk-minimization measures or post-authorization obligations may include additional safety monitoring, more frequent submission of PSURs, or the conduct of additional clinical trials or post-authorization safety studies. RMPs and PSURs are routinely available to third parties requesting access, subject to limited redactions.

Advertising

All advertising and promotional activities for the product must be consistent with the approved summary of product characteristics, and therefore all off-label promotion is prohibited. Direct-to-consumer advertising of prescription medicines is also prohibited in the European Union. Although general requirements for advertising and promotion of medicinal products are established under EU directives, the details are governed by regulations in each EU Member State and can differ from one country to another.

If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Other European Regulatory Matters

French Regulatory Framework

France: Clinical trials

General framework: In the European Union, pending the entry into force of Regulation No. 536/2014, the regulation governing clinical trials is currently based on European Directive No. 2001/20/EC of April 4, 2001 relative to the implementation of good clinical practices in the conduct of clinical trials on medicinal products for human use. Each Member State of the European Union had to transpose this Directive into national law, which resulted in Member States adapting it to their own regulatory framework.

In France, for example, Directive No. 2001/20/EC has been implemented by Law 2004-806 of August 9, 2004 regarding the public health policy and Decree 2006-477 of April 26, 2006, modifying the section of the Public Health Code, or PHC, on biomedical research. The Act of August 9, 2004 was notably amended by Law No. 2012-300 of March 5, 2012, or the "Loi Jardé," related to biomedical research involving human subjects, and French Order No. 2016-800 of June 16, 2016 related to clinical trials of medicinal products for human use, which has recently adapted French law to the new provisions of Regulation No. 536/2014 of the European Parliament and of the Council of April 16, 2014 related to clinical trials of medicinal products for human use, which repealed Directive 2001/20/EC. The Jardé Act was inapplicable for a long time, and applicable since November 18, 2016, date of its enforcement decree.

Applicable provisions: French Act No. 2012-300 of March 5, 2012, or the "Loi Jardé," related to research involving the human person, and French Order No. 2016-800 of 16 June 2016 related to research involving the human person have adapted French law to the new provisions of Regulation No. 536/2014. Article L. 1121-4 and L. 1123-8 PHC currently in force (as amended by Law 2004-806, Law 2012-300 Order 2016-800), establishes a system of prior authorization for interventional clinical trials only. This authorization is granted by the French Medicines Agency, or ANSM. The conduct of all clinical trials (interventional or not) also requires a favorable opinion of the competent Ethics Committee (Comité de protection des personnes – CPP).

Ethics Committee assessment: Under Article L. 1123-7 of the PHC, the competent Ethics Committee—selected randomly by drawing lots under Article L. 1123-6 of the PHC—shall notably assess whether the conditions in which the trial will be conducted are valid. This assessment should be based on whether: adequate protection is offered to individuals, in particular to participants; adequate

information is provided to the participants and appropriate procedure is in place to obtain their informed consent; the project is relevant; the benefits/risks assessment is satisfactory; the objectives of the trial are adequate to the means implemented; the qualification of the investigator(s) is satisfactory; the conditions and amount of patients' remuneration is compliant; and the method for recruiting participants is adequate.

ANSM authorization: The ANSM, after submission of the complete file containing not only information on the clinical protocol, but also specific product data and its quality control, as well as results of preclinical studies, may inform the sponsor that it objects to the implementation of the research. The sponsor can then modify the contents of its research project and submit this amended or supplemented request to the ANSM. If the sponsor does not alter the content of its request, the request is considered rejected. Under Article R. 1123-38 of the PHC, the time limit for the examination of a request for authorization cannot exceed 60 days from the receipt of the complete file. Under Article L. 1123-11 of the PHC, in the event of risk to public health or if the ANSM considers that the conditions in which the research is implemented no longer correspond to the conditions indicated in the request for authorization or does not comply with the provisions of the Public Health Code, it may at any time request changes to procedures for the realization of research, and suspend or ban this research.

The decision of the ANSM of November 24, 2006 sets the rules for Good Clinical Practice, or GCPs, for clinical trials on medicines for human use as referred to in Article L. 1121-3 of the PHC. GCPs aim to ensure both the reliability of data arising from clinical trials and the protection of the persons participating in these clinical trials. GCPs apply to all clinical trials, including pharmacokinetics, bioavailability and bioequivalence studies in healthy volunteers as well as Phase 2 to Phase 4 clinical trials.

Depending of the type of personal data processing carried out during clinical trials and the nature of such trials, it might be necessary to carry out formalities by the French Data Protection Authority, or the CNIL. The sponsor of the trial might have to file with the CNIL a compliance undertaking with one of CNIL's reference methodologies through a simplified notification procedure or file for a request of authorization. Patients then always shall have a right to access and correct their personal data, and to object to their processing/withdraw their consent, require their deletion or a limitation of the processing pursuant to the GDPR.

The main French legislative and regulatory texts relating to the conduct of clinical trials are as follows (which are mainly codified in the French Public Health Code (Articles L. 1121-1 to L. 1126-12 and Articles R. 1121-1 to R. 1125-26)):

- Regulation No. 536/2014, of the European Parliament and of the Council of April 16, 2014 related to clinical trials of medicinal products for human use, which repealed Directive No. 2001/20/EC;
- Decree No. 2017/884 of May 9, 2017 modifying regulatory provisions related to research involving human subjects;
- Decree No. 2016-1538 of November 16, 2016 on the Unique Agreement for the implementation of commercial clinical trials involving human beings in health care institutions;
- Decree No. 2016-1537 of November 16, 2016 related to research involving human beings;
- Order No. 2016-800 of June 16, 2016 related to research involving human beings;
- Loi Jardé, Law No. 2012-300 of March 5, 2012, related to biomedical research involving human subjects;
- Law 2004-806 of August 9, 2004 related to the public health policy;
- Decision of December 29, 2015 establishing the rules of Good Manufacturing Practice;
- Law 78-17 of January 6, 1978, as amended, on data protection and its implementing decrees;
- Law 2002-303 of March 4, 2002 and its implementing decrees regarding patient's rights and the quality of the healthcare system;
- Deliberation No. 2018-153 of May 3, 2018 approving a reference methodology relating to the processing of personal data implemented in the context of research in the field of health with the consent of the person concerned (MR -001);
- Decision No. 2016-262 of July 21, 2016 concerning the standard methodology for the processing of personal data carried out within the context of clinical trials (standard methodology MR-001);
- Deliberation No. 2015-256 of July 16, 2015 approving a reference methodology relating to the processing of personal data implemented in the context of non-interventional performance studies on in vitro diagnostic medical devices (MR- 002);
- Decision No. 2016-263 of July 21, 2016 concerning the approval of a standard methodology for processing personal data in the context of research in the field of health, which does not require the express consent of the person involved (methodology MR-003);

- Deliberation No 2018-154 of May 3, 2018 approving the reference methodology relating to the processing of personal data implemented in the context of research in the field of health that does not require the collection of the consent of the person concerned (MR-003);
- Deliberation No 2018-155 of May 3, 2018 approving the reference methodology relating to the processing of personal data implemented in the framework of research not involving the human person, studies and evaluations in the field of health (MR-004);
- Deliberation No. 2018-256 of June 7, 2018 approving a reference methodology relating to data processing requiring access by health institutions and federations to PMSI data and centralized emergency passage summaries (ERs) and made available on the secure platform of the ATIH (MR-005);
- Deliberation No. 2018-257 of June 7, 2018 approving a reference methodology relating to the processing of data requiring access on behalf of persons producing or marketing products mentioned in II of Article L. 5311-1 of the public health code to centralized PMSI data and made available by ATIH through a secure solution (MR-006);
- Law 2011-2012 of December 29, 2011 strengthening the safety of medicines and health products;
- Law 2000-230 of March 13, 2000, Decree 2001-272 of March 30, 2001 as amended, and Decree 2002-535 of April 18, 2002, relating to electronic signatures;
- Decree No. 2016-1871 of December 28, 2016 concerning the processing of personal data on the new “National Health Data System” of France;
- Decision of November 24, 2006 establishing the rules for Good Clinical Practice;
- Law of January 6, 1978 on Information Technology, Data Files and Civil Liberties as amended; and
- Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

Protection of Clinical Trial Subjects

Under French law (Article L. 1121-2 PHC), a clinical trial may be undertaken only if (i) it is based on the latest stage of scientific knowledge and on sufficient preclinical testing, (ii) the foreseeable risk incurred by the subjects is outweighed by the benefit expected for these persons or the interest of the research, (iii) it aims at expanding scientific knowledge and the means possible to improve the human condition and (iv) the research was designed to reduce the pain, inconveniences, fear and other predictable inconvenience connected to the disease or to the research, by taking into account in particular the degree of maturity of minors and the capacity of understanding of adults unable to express an informed consent. All these conditions must be fulfilled in order to start a clinical trial.

A clinical trial (Article L. 1121-3 PHC) may be undertaken under the following technical conditions: (a) under the direction and the supervision of a qualified physician and (b) under adapted material and technical conditions, compatible with the rigorous imperatives of science and the safety of the clinical trial subjects.

Two documents must be provided to clinical trial subjects before the conduct of the trial. First, the patient must receive a patient information sheet which must contain in particular a description of the objective, the methodology and the time period of the research, as well as a description of the alternative treatments, the number of subjects expected to take part in the study, the anticipated benefits, the constraints and the foreseeable risks resulting from the administration of the products that are the object of the clinical trials but also the favorable opinion of the ethics committee and the authorization of the ANSM, and information on processing of personal data. The information communicated must be summarized in a written document delivered to the patient prior to any administration of products by the investigator or a physician (Article L. 1122-1 PHC).

Second, the patient must confirm his or her agreement to participate in the clinical study by signing an informed consent form (Article L. 1122-1-1 PHC). For each study, patient information must include a right to refuse to participate and to withdraw consent at any time and by any means without further consequences or prejudice. A clinical trial on a minor may be undertaken only if, in particular, the informed consent of the parents or legal representative has been obtained. Furthermore, a clinical trial on adults under guardianship requires the informed consent of the adult’s legal representative.

Responsibility of the sponsor and insurance obligation of the sponsor

The sponsor shall indemnify the subject of the trial in case of damage arising as a consequence of the research, unless he proves that the damage does not result from his fault or the fault of any other person intervening in the trial (Article L.1121-10 PHC). The sponsor must have an insurance covering its civil liability and the liability of any person intervening in the research, for any damage arising from the trial for a minimum of 10 years as of the end of the trial (Article L.1121-10 PHC).

France: Post-marketing requirements

Any pharmaceutical product distributed in France will be subject to pervasive and continuing regulation by the ANSM, including, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing updated safety and efficacy information, distribution requirements, complying with promotion and advertising requirements. French law strictly regulates labeling, advertising, promotion and other types of information on products that are placed on the market and imposes requirements and restrictions on drug manufacturers, such as those related to direct-to-consumer advertising, the prohibition on promoting products for uses or in patient populations that are not described in the product's approved labeling (known as "off-label use"), industry-sponsored scientific and educational activities.

Failure to comply with the applicable regulatory requirements may result in restrictions on the marketing of a product or withdrawal of the product from the market as well as possible administrative or criminal sanctions.

France*: Declaration of Financial Interests*

"Transparency" or "French Sunshine Act": The French Public Health Code (PHC) contains certain provisions regarding transparency of fees and rewards received by some healthcare professionals from industries, i.e. companies manufacturing or marketing health products, resulting from an Act No. 2011-2012 of December 29, 2011, amended by an Act No. 2016-41 of 26 January 2016, and corresponding implementing decrees. It results from these provisions (Article L.1453-1 and D. 1453-1 and seq. PHC) that companies manufacturing or marketing healthcare products (medicinal products, medical devices, etc.) in France shall publicly disclose (on a specific public website available at: https://www.entreprises-transparence.sante.gouv.fr) the advantages and fees paid to healthcare professionals amounting to 10 euros or above, as well as the agreements concluded with the latter, along with detailed information about each agreement (the precise subject matter of the agreement, the date of signature of the agreement, its end date, the total amount paid to the healthcare professional, etc.).

"Anti-gift": The French Public Health Code also contains "anti-gift" provisions setting out a general prohibition of payments and rewards from industries, i.e. companies manufacturing or marketing health products, to healthcare professionals, with limited exceptions and strictly defines the conditions under which such payments or rewards are lawful. The provisions resulting from an Act No. 2011-2012 were amended by an Order No. 2017-49 of January 19, 2017 ratified by the Law 2019-774 of July 24, 2019 which notably extended their application to a broader range of legal and physical persons - including social media influencers, specified the scope of the operations excluded from the prohibition and those authorized under some conditions, and provided for a new authorization process. The changes of the "anti-gift" rules were aimed to enter into force on a date provided by decree or, at the latest, on July 1, 2018. In the absence of implementing texts to date, the new provisions (Articles L. 1453-3 to L. 1453-12 PHC) entered into force on July 1, 2018. Some of the implementing texts are still missing. In the meantime, since the former implementing provisions (article R. 4113-104 and seq. PHC) have not been abrogated they remain applicable to the extent that they are accurate and not in contradiction with the new enacted rules. Some of the new legal provisions can already be applied without awaiting the new implementing provisions.

French Pharmaceutical Company Status

We have the regulated status of pharmaceutical establishment and operating company, which allows us to manufacture and market our product candidates. Obtaining a pharmaceutical establishment license, either as a distributor or as a manufacturer requires the submission of an application dossier to the ANSM. The application package will vary depending on the type of application (distribution license or manufacturing license). The ANSM grants such license after verifying that the company has adequate premises, the necessary personnel and adequate procedures to carry out the proposed pharmaceutical activities.

Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any product candidates for which we obtain regulatory approval. In the case of GRASPA, we have entered into distribution arrangements with Orphan Europe and Teva for marketing in Europe and Israel, respectively, and those third parties will be responsible for obtaining coverage and reimbursement for GRASPA in those territories if it is approved. Our agreement with Orphan Europe was terminated in the first half of 2019 without financial consequences to us. The agreement with Teva is still in effect, but, at this time, there are no current ongoing obligations under the agreement. Sales of our products will depend, in part, on the extent to which our products, once approved, will be covered and reimbursed by third-party payors, such as government health programs, commercial insurance and managed healthcare organizations.

These third-party payors are increasingly reducing reimbursement levels for medical products and services. The process for determining whether a third-party payor will provide coverage for a drug product typically is separate from the process for setting the price of a drug product or for establishing the reimbursement rate that a payor will pay for the drug product once coverage is approved. Third-party payors may limit coverage to specific drug products on an approved list, also known as a formulary, which might not include all of the approved drugs for a particular indication.

To secure coverage and reimbursement for any product candidate that might be approved for sale, we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product candidate, in addition to the costs required to obtain FDA or other comparable regulatory approvals. Whether or not we conduct such studies, our product candidates may not be considered medically necessary or cost-effective. A third-party payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a product does not assure that other payors will also provide coverage, and adequate reimbursement, for the product. Third-party reimbursement may not be sufficient to enable us to maintain price levels high enough to realize an appropriate return on our investment in product development.

The containment of healthcare costs has become a priority of federal and state governments, and the prices of drugs have been a focus in this effort. The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement, utilization management and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our net revenue and results. Decreases in third-party reimbursement for our product candidates or a decision by a third-party payor to not cover our product candidates could reduce physician usage of the product candidates and could have a material adverse effect on our sales, results of operations and financial condition.

For example, the ACA has already had, and is expected to continue to have, a significant impact on the health care industry. The ACA has expanded coverage for the uninsured while at the same time containing overall healthcare costs. With regard to pharmaceutical products, among other things, the ACA expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare Part D program. Some of the provisions of the ACA have yet to be implemented, and there have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal or replace certain aspects of the ACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have been signed into law. The Tax Act included a provision which repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." The 2020 federal spending package permanently eliminated, effective January 1, 2020, the PPACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. Further, the BBA, among other things, amended the ACA, effective January 1, 2019, to increase from 50 percent to 70 percent the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." On December 14, 2018, a Texas U.S. District Court Judge ruled that ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Act. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. It is unclear how this decision, future decisions, subsequent appeals, and other efforts to repeal and replace ACA will impact ACA.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. For example, on August 2, 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. Specifically, the Joint Select Committee on Deficit Reduction was created to recommend to Congress proposals in spending reductions. The Joint Select Committee on Deficit Reduction did not achieve a targeted deficit reduction of at least $1.2 trillion for the years 2012 through 2021, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, started in April 2013 and which, due to subsequent legislative amendments, including the BBA, will stay in effect through 2029 unless additional Congressional action is taken. Additionally, on January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

Recently, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products. Such scrutiny has resulted in several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of drugs under Medicare and reform government program reimbursement

methodologies for drug products. At the federal level, the Trump administration's budget proposal for fiscal year 2021 includes a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. Further, the Trump administration released a "Blueprint", or plan, to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out of pocket costs of drug products paid by consumers. HHS has solicited feedback on some of these measures andhas implemented others under its existing authority. For example, in May 2019, CMS issued a final rule to allow Medicare Advantage Plans the option of using step therapy for Part B drugs beginning on January 1, 2020. The final rule codified a CMS policy change that was effective January 1, 2019. While some of these and other proposed measures may require authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We expect that additional federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, and in turn could significantly reduce the projected value of certain development projects and reduce our profitability.

In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, the European Union provides options for its Member States to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A Member State may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. For example, in France, effective market access will be supported by agreements with hospitals and products may be reimbursed by the Social Security Fund. The price of medicines is negotiated with the Economic Committee for Health Products, or CEPS. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our product candidates. Historically, products launched in the European Union do not follow price structures of the United States and generally prices tend to be significantly lower.

Other Healthcare Laws and Compliance Requirements

Our business operations in the United States and our arrangements with clinical investigators, healthcare providers, consultants, third party payors and patients may expose us to broadly applicable federal and state fraud and abuse and other healthcare laws. These laws may impact, among other things, our research, proposed sales, marketing and education programs of our product candidates that obtain marketing approval. The laws that may affect our ability to operate include, among others:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, receiving, offering or paying remuneration (including any kickback, bribe or rebate), directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, lease, order, or recommendation of, an item, good, facility or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs;
- the U.S. federal civil and criminal false claims laws, including the civil False Claims Act, which can be enforced by individuals, on behalf of the government through civil whistleblower or qui tam actions, and civil monetary penalty lawsprohibits individuals and entities from, among other things, knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent, or making a false statement or record material to payment of a false claim or avoiding, decreasing, or concealing an obligation to pay money to the federal government, including for example, providing inaccurate billing or coding information to customers or promoting a product off-label;
- HIPAA, which created additional federal, civil and criminal statutes that prohibit knowingly and willfully executing or attempting to execute a scheme to defraud any healthcare benefit program, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willingly falsifying, concealing or covering up a material fact or making materially false statements, fictitious, or fraudulent statements in connection with the delivery of or payment for healthcare benefits, items, or services;
- the federal Physician Payments Sunshine Act, enacted as part of the ACA, which requires applicable manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program, with specific exceptions, to track and annually report to CMS payments and other transfers of value provided to physicians, as defined by such law, and teaching hospitals and certain ownership and investment interests held by physicians or their immediate family members;

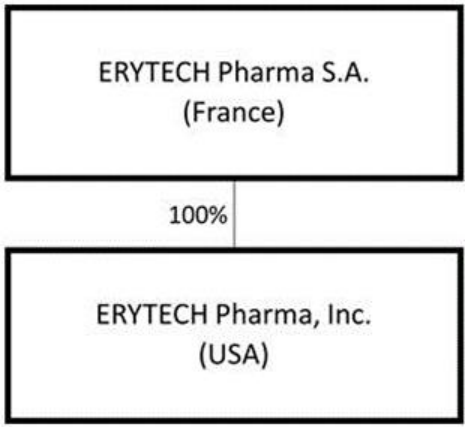
- HIPAA, as amended by HITECH, and their implementing regulations, which imposes certain requirements on covered entities, and their business associates that perform functions or activities that involve individually identifiable health information on their behalf, relating to the privacy, security and transmission of individually identifiable health information; and
- State and/or foreign equivalents of each of the above federal laws and regulations, such as: state anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers; state marketing and/or transparency laws applicable to manufacturers that may be broader in scope than the federal requirements; state laws that require biopharmaceutical companies to comply with the biopharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures, or drug pricing; state and local laws that require the registration of pharmaceutical sales representatives; and state and/or foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect as HIPAA, thus complicating compliance efforts.

The ACA broadened the reach of the federal fraud and abuse laws by, among other things, amending the intent requirement of the U.S. federal Anti-Kickback Statute and certain federal criminal healthcare fraud statutes. Pursuant to the statutory amendment, a person or entity no longer needs to have actual knowledge of those statutes or specific intent to violate them in order to have committed a violation. In addition, the ACA provides that the government may assert that a claim including items or services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act or the civil monetary penalties statute.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to, for example, significant administrative, civil, and criminal penalties, damages, fines, disgorgement, contractual damages, reputational harm, diminished profits and future earnings, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws and the curtailment or restructuring of our operations. If the physicians or other healthcare providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to significant administrative, civil, and criminal sanctions, including exclusions from government funded healthcare programs.

C. Organizational Structure.

The following diagram illustrates our corporate structure:



D. Property, Plants and Equipment.

Our principal executive offices are located at 60 Avenue Rockefeller, 69008 Lyon, France. We lease office and laboratory space, which together consist of approximately 1,400 square meters, in Lyon, France. The lease for this facility expires in June 2024, and we have the ability to terminate the lease early in June 2021. In July 2019, we entered into another lease in Lyon, France for additional offices and laboratory space, which together will consist of approximately 3,000 square meters. The lease for this facility expires in June 2029, and we will have the ability to terminate the lease either in June 2025 or June 2028. We believe our current leased space is sufficient to meet our current needs in Europe.

In February 2016, we opened our U.S. office in Cambridge, Massachusetts. We currently lease 6,289 square feet of office space in Cambridge, Massachusetts under a lease that expires in June 2029. In 2018, we entered into a lease for 3,000 square meters of manufacturing and office space in Princeton, New Jersey, under a lease that expires in June 2029. Our Princeton manufacturing facility in Princeton has been able to produce GMP-compliant batches since the fourth quarter of 2019. Additionally, our Princeton manufacturing facility was designed with the ability to scale production to supply eryaspase to meet our anticipated clinical trial needs, including for supply requirements for U.S. patients in the TRYbeCA-1 trial, and for our anticipated initial commercial needs in the United States, if eryaspase receives approval. Following the opening of our Princeton manufacturing facility, we terminated our agreement with the American Red Cross for the use of a manufacturing facility in Philadelphia, Pennsylvania in January 2020.

We believe our production facilities will be sufficient to supply eryaspase for our ongoing Phase 2 and Phase 3 clinical trials and to meet our anticipated initial commercial needs for eryaspase in Europe and United States, if approved.

Item 4A. Unresolved Staff Comments.

Not applicable.

Item 5. Operating and Financial Review and Prospects.

You should read the following discussion of our operating and financial review and prospects in conjunction with our audited consolidated financial statements and the related notes thereto included elsewhere in this Annual Report. In addition to historical information, the following discussion and analysis contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results and the timing of events could differ materially from those anticipated in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report, particularly in sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

We are a clinical-stage biopharmaceutical company developing innovative red blood cell-based therapeutics for cancer and orphan diseases. Leveraging our proprietary ERYCAPS platform, a novel technology to encapsulate drug substances inside red blood cells, we are developing a pipeline of product candidates to address markets with high unmet medical need.

Our primary focus is on the development of product candidates that target the altered metabolism of cancer cells by depriving them of amino acids necessary for their growth and survival. Our lead product candidate, eryaspase, which consists of L-asparaginase encapsulated inside donor-derived red blood cells, targets the cancer cell's altered asparagine and glutamine metabolism. Eryaspase is in Phase 3 clinical development for the treatment of second-line pancreatic cancer and in Phase 2 clinical development for the treatment of triple-negative breast cancer. We have also developed erymethionase, a preclinical product candidate, which consists of methionine-gamma-lyase encapsulated in red blood cells to target methionine-dependent cancers. We intend to continue to work on the development of erymethionase as well as potential other therapeutic strategies based on methionine depletion, depending on financial resources and business strategy.

We are also exploring the use of our ERYCAPS platform for developing cancer immunotherapies (ERYMMUNE) and enzyme therapies (ERYZYME).

We produce product candidates at our GMP-approved manufacturing sites in Lyon, France and in Princeton, New Jersey, United States.

We have never generated any revenues from product sales. We do not expect to generate material revenue from product sales unless and until we successfully complete development of, obtain marketing approval for and commercialize our product candidates. Clinical development, regulatory approval and commercial launch of a product candidate can take several years and are subject to significant uncertainty. Historically, we have financed our operations and growth through issuances of share capital and convertible bonds (converted into shares in 2013) and through conditional advances and subsidies from Bpifrance Financement (formerly Oséo), part of

BPI France, a French public investment bank and from research tax credits. In May 2013, we completed the initial public offering of our ordinary shares on Euronext Paris, from which we raised €17.7 million in gross proceeds, and in October 2014, we raised an additional €30 million in gross proceeds from the issuance of additional ordinary shares. We also conducted three private placements with institutional investors in the United States and in Europe in December 2015, December 2016 and April 2017, raising €25.4 million, €9.9 million and €70.5 million in gross proceeds, respectively.

In November 2017, we completed a global offering of an aggregate of 6,180,137 ordinary shares, including the full exercise of the underwriters' options to purchase additional shares, for gross proceeds of $143.7 million. The global offering consisted of a U.S. initial public offering of 5,389,021 American Depositary Shares, or ADSs, where each ADS represents one ordinary share, and a concurrent private placement in Europe and other countries outside of the United States and Canada of 791,116 ordinary shares. Our net proceeds from the global offering were approximately €112.1 million ($130.4 million). In connection with our 2017 global offering, our share capital increased by €618,013.70 with a corresponding increase of €122,984,726 in our share premium.

Since our inception in 2004, we have incurred significant operating losses. Our net loss was €33.5 million, €38.2 million and €62.6 million for the years ended December 31, 2017, 2018 and 2019, respectively. We had a consolidated accumulated deficit of €199.3 million as of December 31, 2019, and we expect to incur significant expenses and substantial operating losses over the next several years as we continue our research and development efforts and advance our clinical development programs in Europe and the United States. Our net losses may fluctuate significantly from quarter to quarter and year to year, depending on the timing of our clinical trials, the receipt of milestone payments, if any, and our expenditures on other research and development activities. We anticipate that our expenses will increase substantially in connection with our ongoing activities, as we:

- initiate and conduct our ongoing and planned clinical trials of eryaspase in Europe and in the United States;
- continue the research and development of our other product candidates, including planned and future clinical trials;
- seek to discover and develop additional product candidates;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- scale-up our manufacturing capabilities to support the launch of additional clinical studies and the commercialization of our product candidates, if approved;
- establish a sales and marketing infrastructure for the commercialization of our product candidates, if approved;
- maintain, expand and protect our intellectual property portfolio;
- hire additional clinical, medical, regulatory, quality control and scientific personnel; and
- add operational, financial and management information systems and personnel, including personnel to support our product development, manufacturing and commercialization efforts and our operations as a public company listed in the United States.

Until such time that we can generate substantial revenue from product sales, we expect to finance these expenses and our operating activities through our existing cash and cash equivalents. If we are unable to obtain required marketing approvals and generate revenue from product sales, we will need to raise additional capital through the issuance of our shares, through other equity or debt financings or through collaborations or partnerships with other companies. However, we may be unable to raise additional funds or enter into other funding arrangements when needed on favorable terms, or at all, which would have a negative impact on our financial condition and could force us to delay, limit, reduce or terminate our development programs or commercialization efforts or grant rights to third parties to develop or market product candidates that we would otherwise prefer to develop and market ourselves.

Although it is difficult to predict future liquidity requirements, we believe that our existing cash and cash equivalents, together with interest thereon, will be sufficient to fund our operations until February 2021. We may need to seek additional funds sooner than planned, through public or private equity or debt financings, government or other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements or a combination of these approaches. However, no assurance can be given at this time as to whether we will be able to achieve these financing objectives. Our ability to successfully transition to profitability will be dependent upon achieving a level of revenues adequate to support our cost structure. We cannot assure you that we will ever be profitable or generate positive cash flow from operating activities.

Due to the listing of our ordinary shares on Euronext Paris and in accordance with the European Union's regulation No. 1606/2002 of July 19, 2002 as amended, statutory consolidated financial statements were prepared in accordance with IFRS, as adopted by the European Union for the years ended December 31, 2017, 2018 and 2019 and were approved and authorized for issuance by our board of directors on March 9, 2018, March 8, 2019 and March 12, 2020, respectively.

The consolidated financial statements as of and for the years ended December 31, 2017, 2018 and 2019 included in this Annual Report have been prepared in accordance with IFRS as issued by the IASB with no difference with the statutory consolidated financial statements and were approved and authorized for issuance by our board of directors on March 12, 2020.

Financial Operations Overview

Operating Income

Our operating income consists of other income.

Revenues

To date, we have not generated any revenue from the sale of products. Our ability to generate product revenue and to become profitable will depend upon our ability to successfully develop and commercialize eryaspase and our other product candidates. Because of the numerous risks and uncertainties associated with product development and regulatory approval, we are unable to predict the amount or timing of product revenue.

Other Income

Our other income consists of research tax credits and revenues from licenses or other contracts, and in particular, our agreements with SQZ Biotechnologies and Orphan Europe. Our agreement with Orphan Europe was terminated in the first half of 2019 without financial consequences to us.

Research Tax Credit

The research tax credit (*crédit d'impôt recherche*), or CIR, is granted to companies by the French tax authorities in order to encourage them to conduct technical and scientific research. Companies demonstrating that they have expenses that meet the required criteria, including research expenses located in France or, since January 1, 2005, within the European Union or in another state that is a party to the agreement in the European Economic Area that has concluded a tax treaty with France that contains an administrative assistance clause, receive a tax credit which can be used against the payment of the corporate tax due the fiscal year in which the expenses were incurred and during the next three fiscal years, or, as applicable, can be reimbursed for the excess portion. The expenses taken into account for the calculation of the CIR only involve research expenses.

The main characteristics of the CIR are the following:

- the CIR results in a cash inflow from the tax authorities paid directly to us as we are not subject to corporate income tax;
- a company's corporate income tax liability does not limit the amount of the CIR -a company that does not pay any corporate income tax can request direct cash payment of the research tax credit; and
- the CIR is not included in the determination of the corporate income tax.

As a result, we have concluded that the CIR meets the definition of a government grant as defined in IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, and, as a result, it has been classified as other income within operating income in our statement of income (loss).

We will request the reimbursement of the CIR receivable under the community tax rules for small and medium firms in compliance with the current regulations.

Subsidies

We have received financial assistance from BPI France and other governmental organizations in connection with the development of our product candidates. BPI France's mission is to provide assistance and support to emerging French enterprises to facilitate the development and commercialization of innovative technologies. Such funding is intended to finance our research and development efforts and the recruitment of specific personnel.

We account for non-refundable subsidies as other income ratably over the duration of the funded project. Funds are recognized in other income in our consolidated statement of income (loss) for the fiscal year in which the financed expenses were recorded. Through December 31, 2019, we received €2,738 thousand in non-refundable subsidies, mainly from BPI France. For the year ended

December 31, 2019, we recognized an income of €294 thousand in accordance with the TEDAC agreement signed with BPI France. This amount was received in 2020.

Revenue from Licenses or Other Contracts

Partnership with Orphan Europe on Acute Myeloid Leukemia

In November 2012, we entered into a marketing agreement with Orphan Europe, a subsidiary of the Recordati group, to market and distribute GRASPA® for the treatment of ALL and AML in 38 countries in Europe, including all of the countries in the European Union. Because of the withdrawal of the MAA for ALL and the Company's strategic re-focus on solid tumors, our agreement with Orphan Europe was terminated in the first half of 2019 without financial consequences to us.

Partnership with Orphan Europe for NOPHO clinical trial

Pursuant to the terms of our distribution agreement, Orphan Europe agreed to finance the NOPHO trial for a total amount of €600 thousand. We recognized revenues related to this partnership under "other income" in our statement of income (loss).

License agreement with SQZ Biotechnologies

Pursuant to the terms of our license agreement with SQZ Biotechnologies, we granted to SQZ Biotechnologies an exclusive worldwide license to develop antigen specific immune modulating therapies employing red blood cell-based approaches. In accordance with IFRS 15, this agreement grants to SQZ Biotechnologies a right to use the underlying intellectual property. Consequently, the income is recognized when SQZ Biotechnologies can begin to use the licensed intellectual property. We recognized the upfront payment of $1 million under "other income" in our statement of income (loss) for 2019.

Operating Expenses

Our operating expenses consist primarily of research and development activities and general and administrative costs.

Research and Development

We engage in substantial research and development efforts to develop innovative pharmaceutical product candidates. Research and development expenses consist primarily of:

- sub-contracting, collaboration and consultant expenses, that primarily include the cost of third-party contractors such as contract research organizations, or CROs, who conduct our non-clinical studies and clinical trials;
- personnel costs, including salaries, related benefits and share-based compensation, for our employees engaged in scientific research and development functions;
- licensing and intellectual property costs;
- purchases, real-estate leasing costs as well as conferences and travel costs; and
- depreciation and amortization.

Since 2015, our research and development efforts have been related primarily to our completed and ongoing clinical trials of eryaspase for the treatment of pancreatic cancer, ALL and AML. In June 2018, we ceased the development program for eryaspase in ALL and are focusing our development efforts on eryaspase for the treatment of selected solid tumors. The resources that became available as a result of this strategic decision were allocated to what we estimate is a significantly larger unmet medical need and market opportunity for the potential treatment of solid tumors, including pancreatic cancer and TNBC. This decision did not have a significant impact on our consolidated financial statements.

Our direct research and development expenses consist principally of external costs, such as manufacturing expenses, non-clinical studies, fees paid to consultants, laboratories and CROs in connection with our clinical trials, and costs related to our collaborations, which we allocate to our specific research programs. We also allocate some personnel-related costs, depreciation and other indirect costs to specific programs, although costs for some scientific personnel associated with the development of our ERYCAPS platform generally are not allocated to specific programs.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will continue to increase in the foreseeable future as we initiate clinical trials for certain product candidates and pursue later stages of clinical development of other product candidates.

We cannot determine with certainty the duration or costs of the current or future clinical trials of our product candidates or if, when, or to what extent we will generate revenue from the commercialization and sale of any of our product candidates that obtain regulatory approval. We may never succeed in achieving regulatory approval for any of our product candidates. The duration, costs and timing of clinical trials and development of our product candidates will depend on a variety of factors, including:

- the scope, rate of progress and expense of our ongoing, as well as any additional, non-clinical studies, clinical trials and other research and development activities;
- clinical trial and early-stage results;
- the terms and timing of regulatory approvals;
- the expense of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights; and
- the ability to market, commercialize and achieve market acceptance for eryaspase or any other product candidate that we may develop in the future.

A change in the outcome of any of these variables with respect to the development of product candidates that we are developing could mean a significant change in the costs and timing associated with the development of such product candidates. For example, if the FDA, the EMA or other regulatory authority were to require us to conduct non-clinical and clinical studies beyond those which we currently anticipate will be required for the completion of clinical development, or if we experience significant delays in enrollment in any clinical trials, we could be required to spend significant additional financial resources and time on the completion of clinical development.

Under our license and distribution agreement with Orphan Europe related to the development of eryaspase for the treatment of AML, , which has been subsequently terminated, we re-invoiced, with no margin, some of the clinical costs that we incurred from external providers. In application of IAS 18 *Revenue* in 2017 and IFRS 15 *Revenue from contracts with customers* in 2018 and 2019, we considered that, within the context of our agreement with Orphan Europe, we acted as agent regarding these re-invoiced external costs, as:

- We did not have primary responsibility for provision of the goods or services, and the majority of services were provided by third parties. Costs of CROs were the most significant external costs, and such costs were directly invoiced to Orphan Europe. We were directly invoiced only for secondary services.
- We did not bear any inventory risk.
- We had no capacity to determine prices, as all of the external costs were re-invoiced for the exact amount of the initial invoice, with no margin, and we were not affected by any price changes applied by the suppliers.
- We bore a credit risk that we did not consider to be significant.

Consequently, the re-invoicing of these external costs to Orphan Europe was presented as a decrease in corresponding research and development expenses incurred by us.

General and Administrative

General and administrative expense consists primarily of personnel costs including share-based compensation for personnel other than employees engaged in scientific research and development functions. General and administrative expense also consists of fees for professional services, mainly related to audit, IT, accounting, recruitment and legal services, communication and travel costs, real-estate leasing costs, office furniture and equipment costs, allowance for amortization and depreciation, directors' remuneration, insurance costs and overhead costs, such as postal and telecommunications expenses.

We anticipate that our general and administrative expenses will increase in the future as we grow our support functions for the expected increase in our research and development activities and the potential commercialization of our product candidates.

Financial Income (Expense)

Financial income (expense) relates primarily to interest and other expense for loans and other financial debts, including leases, offset by income received from cash and cash equivalents, as well as foreign exchange gains and losses related to exchange rate differences on cash held in U.S. dollars as of December 31, 2019 and our purchases of services in U.S. dollars.

Our cash and cash equivalents have been deposited primarily in cash accounts, money market funds and term deposit accounts with short maturities and therefore generate only a modest amount of interest income. We expect to continue this investment philosophy in the future.

A. Operating Results

Comparison of the Years Ended December 31, 2018 and 2019

Operating Income

We generated operating income of €4,447 thousand in 2018 and €5,283 thousand in 2019. The components of our operating income are set forth in the table below.

	FOR THE YEAR ENDED DECEMBER 31,	
	2018	2019
	(in thousands of €)	
Revenues	—	—
Other income		
Research Tax Credit	4,375	3,915
Subsidies	—	294
Revenues from licenses or other contracts	72	1,074
Total operating income	**4,447**	**5,283**

As no research and development expenditure is capitalized before obtaining a marketing authorization, the CIR related to a research program is entirely recognized as operating income.

The CIR recognized for the year ended December 31, 2019 was received in cash in 2020.

Revenues from licenses or other contracts are primarily associated with our partnership with Orphan Europe in 2018 and with our license agreement with SQZ Biotechnologies in 2019.

Research and Development Expenses

In 2019, our research and development expenses increased from €33,468 thousand to €52,193 thousand, an increase of 55.9% compared to 2018.

Our research and development expenses are broken down in the table below. Our research and development expenses consist principally of external costs, such as startup fees paid to investigators, consultants, central laboratories and CROs in connection with our clinical studies, and costs related to acquiring and manufacturing clinical study materials. We do not allocate personnel-related costs, costs associated with our general platform improvements, depreciation or other indirect costs to specific projects, as they are deployed across multiple projects under development.

	FOR THE YEAR ENDED DECEMBER 31,		
	2018	2019	
	(in thousands of €)		% CHANGE
ERYASPASE	12,883	22,740	77%
ERYMETHIONASE / ERYMINASE	2,472	2,027	(18%)
ERYMMUNE	389	275	(29%)
ERYZYME	256	7	(97%)
Total direct research and development expenses	**16,000**	**25,049**	**57%**
Consumables	938	2,917	211%
Rental and maintenance	793	1,292	63%
Services, subcontracting and consulting fees	4,532	4,413	(3%)
Personnel expenses (1)	10,914	14,967	37%
Depreciation and amortization expense	233	3,508	1,407%
Other	58	47	(19%)
Total indirect research and development expenses	**17,468**	**27,144**	**55%**
Total research and development expenses (2)	**33,468**	**52,193**	**56%**

(1) Includes €1,158 thousand and €688 thousand related to share-based compensation expense for 2018 and 2019, respectively.
(2) €23,965 thousand and €44,398 thousand of this amount are related to clinical trials for 2018 and 2019, respectively.

The increase of research and development expenses of €18,725 thousand from 2018 to 2019 was mainly due to:

- A €9,857 thousand increase in costs related to eryaspase because of (i) our decision to cease development programs related to ALL and to shift our focus to the treatment of solid tumors and (ii) the initiation of our TRYbeCA-1 trial, which began in September 2018; and
- A €4,053 thousand increase in personnel expenses, mainly related to an increase in headcount of our research and development workforce, especially in manufacturing and supply, in connection with our ongoing clinical trials and particularly, the launch of the TRYbeCA-1 trial in September 2018. The average number of full-time employees allocated to our research and development workforce was 99 in 2018 and 156 in 2019.
- A €3,275 thousand increase in depreciation and amortization expenses, mainly related to our commissioning of the new manufacturing facility in Princeton, New Jersey in 2019 and the recognition of an impairment on a production process recognized in intangible assets.

General and Administrative Expenses

In 2019, our general and administrative expenses increased from €14,600 thousand to €17,164 thousand, an increase of 18% compared to 2018.

Our general and administrative expenses are broken down as follows:

	FOR THE YEAR ENDED DECEMBER 31,		
	2018	2019	
	(in thousands of €)		% CHANGE
Consumables	33	527	15%
Rental and maintenance	1,584	1,117	(29)%
Services, subcontracting, and consulting fees	5,409	7,964	47%
Personnel expenses (1)	5,925	6,331	7%
Depreciation and amortization expense	529	751	42%
Other (2)	1,122	474	(58)%
Total general and administrative expenses	**14,600**	**17,164**	**18%**

(1) Includes €849 thousand and €522 thousand related to share-based compensation expense for 2018 and 2019, respectively.
(2) Includes €442 thousand and €149 thousand related to share-based compensation expense (warrants allocated to directors and to the chairman of the board) for 2018 and 2019, respectively.

The increase of general and administrative expenses of €2,564 thousand from 2018 to 2019 was mainly due to a €2,555 thousand increase in service and consulting fees, mainly related to costs linked to the establishment of our Princeton, New Jersey manufacturing facility.

Financial Income (Loss)

Our financial income resulted in a profit of €1,414 thousand in 2019, as compared to a profit of €5,399 thousand in 2018 and is broken down as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
	2018	2019
	(in thousands of €)	
Financial income	5,427	2,947
Financial expenses	(29)	(1,533)
Financial income	**5,399**	**1,414**

The financial income related mainly to:

- Foreign currency gains generated by the conversion into euros of our U.S. dollar bank account of €1,815 thousand in 2019 as compared to €3,993 thousand in 2018;
- A gain on investment currency transactions on swaps of €1,124 thousand in 2019 compared to €1,254 thousand in 2018; and
- Foreign currency loss on the loan in U.S. dollars from us to our U.S. subsidiary in the amount of €1,035 thousand (no corresponding charge during the comparative period);

Comparison of the Years Ended December 31, 2017 and 2018

Operating Income

We generated operating income of €3,364 thousand in 2017 and €4,447 thousand in 2018, an increase of 32.2%. The components of our operating income are set forth in the table below. Other income was primarily generated by the CIR and re-invoicing of clinical trials co-financed by Orphan Europe.

	FOR THE YEAR ENDED DECEMBER 31,	
	2017	2018
	(in thousands of €)	
Revenues	—	—
Other income		
Research Tax Credit	3,187	4,375
Subsidies	—	—
Other income	178	72
Total operating income	**3,364**	**4,447**

As no research and development expenditure is capitalized before obtaining a marketing authorization, the CIR related to a research program is entirely recognized as operating income.

The CIR recognized for each of the years ended December 31, 2017 and 2018 was received in cash in 2019.

Other income totaled €178 thousand and €72 thousand in 2017 and 2018, respectively. These amounts represent the sum of internal costs incurred by us within the context of the AML and the NOPHO studies, which were re-invoiced to Orphan Europe.

Research and Development Expenses

In 2018, our research and development expenses increased from €25,463 thousand to €33,468 thousand, an increase of 31.4% compared to 2017.

Our research and development expenses are broken down in the table below. Our research and development expenses consist principally of external costs, such as startup fees paid to investigators, consultants, central laboratories and CROs in connection with our clinical studies, and costs related to acquiring and manufacturing clinical study materials. We do not allocate personnel-related costs, costs associated with our general platform improvements, depreciation or other indirect costs to specific projects, as they are deployed across multiple projects under development.

	FOR THE YEAR ENDED DECEMBER 31,		
	2017	2018	
	(in thousands of €)		% CHANGE
ERYASPASE	10,264	12,883	26%
ERYMETHIONASE / ERYMINASE	2,378	2,472	4%
ERYMMUNE	146	389	167%
ERYZYME	99	256	158%
Total direct research and development expenses	**12,887**	**16,000**	**24%**
Consumables	663	938	42%
Rental and maintenance	628	793	26%
Services, subcontracting and consulting fees	3,028	4,532	50%
Personnel expenses (1)	7,916	10,914	38%
Depreciation and amortization expense	259	233	(10%)
Other	81	58	(28%)
Total indirect research and development expenses	**12,575**	**17,468**	**39%**
Total research and development expenses (2)	**25,463**	**33,468**	**31%**

(1) Includes €833 thousand and €1,158 thousand related to share-based compensation expense for 2017 and 2018, respectively.
(2) €19,476 thousand and €23,965 thousand are related specifically to clinical studies for 2017 and 2018, respectively.

The increase of research and development expenses of €8,004 thousand from 2017 to 2018 was mainly due to:

- A €2,619 thousand increase in costs related to eryaspase due to (i) our decision to cease development programs related to ALL and to shift our focus to solid tumors. and (ii) the initiation of our TRYbeCA-1 trial in September 2018; and
- A €2,998 thousand increase in personnel expenses, mainly related to an increase in headcount of our research and development workforce, especially in pharmaceutical operations and preclinical departments. This increase was directly linked to our ongoing preclinical and clinical trials and particularly, the launch of the TRYbeCA-1 trial in September 2018. The average number of full-time employees allocated to our research and development workforce was 71 in 2017 and 99 in 2018.

General and Administrative Expenses

In 2018, our general and administrative expenses increased from €8,791 thousand to €14,600 thousand, an increase of 66% compared to 2017.

Our general and administrative expenses are broken down as follows:

	FOR THE YEAR ENDED DECEMBER 31,		
	2017	2018	
	(in thousands of €)		% CHANGE
Consumables	148	33	(78%)
Rental and maintenance	894	1,584	77%
Services, subcontracting, and consulting fees	2,867	5,409	89%
Personnel expenses (1)	3,688	5,925	61%
Depreciation and amortization expense	266	529	99%
Other (2)	927	1,122	21%
Total general and administrative expenses	**8,791**	**14,600**	**66%**

(1) Includes €936 thousand and €849 thousand related to share-based compensation expense for 2017 and 2018, respectively.
(2) Includes €300 thousand and €442 thousand related to share-based compensation expense (warrants allocated to directors) for 2017 and 2018, respectively.

The increase of general and administrative expenses of €5,809 thousand from 2017 to 2018 was mainly due to:

- A €2,237 thousand increase in personnel expenses, mainly related to the increase of the average number of full-time employees. The average number of full-time employees allocated to our general and administrative workforce was 25 in 2017 and 39 in 2018; and
- A €2,542 thousand increase in service and consulting fees, mainly related to an increase of legal and internal control fees as a result of our status as a U.S. public company since November 2017.

Financial Income (Loss)

Our financial income resulted in a profit of €5,399 thousand in 2018, as compared to a loss of €2,644 thousand in 2017 and is broken down as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
	2017	2018
	(in thousands of €)	
Financial income	539	5,427
Financial expenses	(3,183)	(29)
Financial income (loss)	**(2,644)**	**5,399**

The financial income (loss) related mainly to:

- foreign currency exchange gains and losses:
  - In 2017, we recognized a loss of €3,026 thousand (of which €3,159 was generated by the conversion into euros of our U.S. dollar bank accounts); and
  - In 2018, we recognized a foreign currency gain of €3,993 thousand (of which €3,981 thousand was generated by the conversion into euros of our U.S. dollar bank account) and a gain on cross-currency swap transaction of €1,254 thousand; and
- interest income from short-term deposits (€539 thousand in 2017 and €163 thousand in 2018).

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with IFRS. Some of the accounting methods and policies used in preparing our consolidated financial statements under IFRS are based on complex and subjective assessments by our management or on estimates based on past experience and assumptions deemed realistic and reasonable based on the circumstances concerned. The actual value of our assets, liabilities and shareholders' equity and of our earnings could differ from the value derived from these estimates if conditions change and these changes had an impact on the assumptions adopted. We believe that the most significant management judgments and assumptions in the preparation of our consolidated financial statements are described below. See Note 3 and Note 4 to our consolidated financial statements for a description of our other significant accounting policies.

Share-Based Compensation

We have six share-based compensation plans for employees and non-employees, the 2012 Plan, the 2014 Plan, the 2016 Plan, the 2017 Plan, the 2018 Plan and the 2019 Plan.

As of December 31, 2019, we have granted share-based compensation under these plans to certain employees as well as to members of our board of directors in the form of free shares (*Actions gratuites*, or AGA), stock options, or SOs, share warrants (*Bons de Souscription d'Actions*, or BSA) and founder's share warrants (*Bons de Souscription de Parts de Créateur d'Entreprise*, or BSPCE) with the following exercise prices and on each of the grant dates reflected below.

AWARDS	GRANT DATE	NUMBER OF AWARDS GRANTED	EXERCISE PRICE PER SHARE	ORDINARY SHARE FAIR MARKET VALUE PER SHARE AT GRANT DATE
BSA 2012	May 31, 2012	2,027	€ 7.362	—
BSPCE 2012	May 31,2012	7,434	€ 7.362	—
BSA 2012	August 3, 2012	1,539	€ 7.362	—
BSA 2012	July 18, 2013	459	€ 7.362	€ 10.27
BSPCE 2012	July 18, 2013	13,177	€ 7.362	€ 10.27
BSPCE 2014	January 22, 2014	12,000	€ 12.250	€ 12.77
BSA 2012	July 17, 2014	1,000	€ 7.362	€ 14.90
BSPCE 2012	July 17, 2014	13,176	€ 7.362	€ 14.90
BSA 2012	April 29, 2015	2,150	€ 7.362	€ 31.19
BSPCE 2014	June 23, 2015	2,500	€ 12.250	€ 32.75
BSA 2014	June 23, 2015	3,000	€ 12.250	€ 32.75
BSA 2012	August 31, 2015	3,585	€ 7.362	€ 37.52
BSPCE 2014	May 6, 2016	5,000	€ 12.250	€ 24.75
AGA 2016	October 3, 2016	111,261	—	€ 18.52
SOP 2016	October 3, 2016	44,499	€ 18.520	€ 18.52
BSA 2016	October 3, 2016	45,000	€ 18.520	€ 18.52
AGA 2016	January 8, 2017	15,000	—	€ 13.60
BSA 2016	January 8, 2017	15,000	€ 13.60	€ 13.60
SOP 2016	January 8, 2017	3,000	€ 15.65	€ 15.65
AGA 2016	June 27, 2017	8,652	—	€ 26.47
SOP 2016	June 27, 2017	18,000	€ 26.47	€ 26.47
AGA 2017	June 27, 2017	74,475	—	€ 26.47
SOP 2017	June 27, 2017	22,200	€ 26.47	€ 26.47
BSA 2017	June 27, 2017	55,000	€ 26.47	€ 26.47
AGA 2016	October 3, 2017	16,650	—	€ 24.48
SOP 2016	October 3, 2017	30,000	€ 23.59	€ 23.59
AGA 2016	January 7, 2018	40,500	—	€ 18.00
AGA 2017	January 7, 2018	113,940	—	€ 18.00
SOP 2017	January 7, 2018	97,203	€ 18.00	€ 18.00
BSA 2017	January 7, 2018	40,500	€ 18.00	€ 18.00
SOP 2018	September 7, 2018	24,000	€ 9.26	€ 8.75
AGA 2018	January 6, 2019	36,150	—	€ 6.38
SOP 2018	January 6, 2019	38,025	€ 6.38	€ 6.38
AGA 2018	April 12, 2019	94,200	—	€ 7.20
BSA 2018	April 12, 2019	25,998	€ 6.82	€ 7.20
SOP 2018	April 12, 2019	76,905	€ 7.20	€ 7.20
SOP 2019	July 31, 2019	59,123	€ 5.78	€ 5.81

AWARDS	GRANT DATE	NUMBER OF AWARDS GRANTED	EXERCISE PRICE PER SHARE	ORDINARY SHARE FAIR MARKET VALUE PER SHARE AT GRANT DATE
AGA 2019	October 9, 2019	300,941	€ —	€ 3.78
BSA 2019	October 9, 2019	75,000	€ 3.71	€ 3.78
SOP 2019	October 9, 2019	347,250	€ 4.25	€ 3.78

The share-based compensation granted under the 2016 Plan, 2017 Plan, 2018 Plan and 2019 Plan by our board of directors at meetings or by decisions made by our Chief Executive Officer, as applicable, dated October 3, 2016, January 8, 2017, June 27, 2017, October 3, 2017, January 7, 2018,September 7, 2018, January 6, 2019, April 12, 2019, July 31, 2019 and October 9, 2019 was valued using Monte Carlo, Black-Scholes and Cox-Ross-Rubinstein methods. Assumptions were set at the grant date.

Following the resignation of our former Chief Scientific Officer in January 2016, 1,000 $BSPCE_{2014}$ of the 3,000 $BSPCE_{2014}$ initially allocated on January 22, 2014 will not be granted.

Following the resignation of certain other employees, our Chief Executive Officer acknowledged on October 3, 2017 that 1,017 AGA 2016 shares allocated on October 3, 2016 would not be granted to these employees and would be forfeited.

Following the resignation of certain other employees, our Chief Executive Officer acknowledged on June 27, 2018 that the following awards would not be granted to these terminated employees and would be forfeited: (i) 7,238 AGA 2016 shares allocated on October 3, 2016; (ii) 750 AGA 2016 shares allocated on October 3, 2017; (iii) 1,302 AGA 2016 shares allocated on June 27, 2017; (iv) 3,975 AGA 2017 shares allocated on June 27, 2017; (v) 5,400 AGA 2017 shares allocated on January 7, 2018; (vi) 12,000 SOP 2016 options allocated on October 3, 2016; (vii) 3,000 SOP 2016 options allocated on January 8, 2017; (viii) 3,000 SOP 2016 options allocated on October 3, 2017; (ix) 6,000 SOP 2017 options allocated on June 27, 2017; and (x) 12,150 SOP 2017 options allocated on January 7, 2018.

Following the resignation of certain other employees, our Chief Executive Officer acknowledged on October 3, 2018 that the following awards would not be granted to these terminated employees and would be forfeited: (i) 1,500 AGA 2016 shares allocated on October 3, 2016; (ii) 750 AGA 2017 shares allocated on June 27, 2017; (iii) 1,350 AGA 2017 shares allocated on January 7, 2018; and (iv) 1,500 SOP 2016 options allocated on October 3, 2016.

Following the resignation of certain other employees, our Chief Executive Officer acknowledged on January 7, 2019 that the following awards would not be granted to these terminated employees and would be forfeited: (i) 2,048 AGA 2016 shares allocated on October 3, 2016; (ii) 1,500 AGA 2017 shares allocated on June 27, 2017; and (iii) 2,700 AGA 2017 shares allocated on January 7, 2018.

Following the resignation of certain other employees, our Chief Executive Officer acknowledged on June 27, 2019 that the following awards would not be granted to these terminated employees and would be forfeited: (i) 3,768 AGA 2016 shares allocated on October 3, 2016; (ii) 4,500 AGA 2016 shares allocated on October 3, 2017; (iii) 2,325 AGA 2017 shares allocated on June 27, 2017; (iv) 14 310 AGA 2017 shares allocated on January 7, 2018; (v) 1,650 AGA 2018 shares allocated on January 6, 2019; (vi) 24,000 SOP 2018 options allocated on 7 September 2018; and (vii) 195 SOP 2018 options allocated on April 12, 2019.

Following the resignation of certain other employees, our Chief Executive Officer acknowledged on October 3, 2019 that the following awards would not be granted to these terminated employees and would be forfeited: (i) 1,722 AGA 2016 shares allocated on October 3, 2016; (ii) 450 AGA 2016 shares allocated on June 27, 2017; (iii) 1,125 AGA 2017 shares allocated on 27 June 2017; (iv) 2,700 AGA 2017 shares allocated on January 7, 2018; (v) 2,400 AGA 2018 shares allocated on January 6, 2019; (vi) 2,500 AGA 2018 shares allocated on April 12, 2019; (vii) 1,950 SOP 2018 options allocated on 6 January 2019; and (viii) 975 SOP 2018 options allocated on April 12, 2019.

Following the expiry of the three-year vesting period for the AGA 2016 allocated on October 3, 2016, our Chief Executive officer acknowledged on October 3, 2019 that the 87,516 remaining AGA 2016 shares allocated on October 3, 2016 would be forfeited.

The board of directors acknowledged on October 9, 2019, that 25,998 BSA2018 would be forfeited and that the BSA 2017 granted to our former director, Allene Diaz, would be forfeited following her resignation.

We account for share-based compensation in accordance with the authoritative guidance on share-based compensation, IFRS 2 *Share-based payment*, or IFRS 2. Under the fair value recognition provisions of IFRS 2, share-based compensation is measured at the grant

date based on the fair value of the award and is recognized as an expense, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award.

Determining the fair value of share-based awards at the grant date requires judgment. We use the Black-Scholes option-pricing model to determine the fair value of certain warrants and for our stock options. We use the Monte-Carlo and Cox-Ross-Rubinstein option-pricing models to determine the fair value of free shares and certain warrants, respectively. The determination of the grant date fair value of warrants using an option-pricing model is affected by assumptions regarding a number of complex and subjective variables. These variables include the fair value of our ordinary shares on the date of grant, the expected term of the awards, our share price volatility, risk-free interest rates and expected dividends. We estimate these items as follows:

Fair Value of Our Ordinary Shares. As our ordinary shares are publicly traded on Euronext Paris, for purposes of determining the fair value of our ordinary shares we have established a policy of using the closing sales price per ordinary share as quoted on Euronext Paris on the date of the grant by the *Conseil d'Administration* or the shareholders' meeting.

Expected Term. The expected term represents the period that our share-based awards are expected to be outstanding. As we do not have sufficient historical experience for determining the expected term of the warrant awards granted, we have based our expected term on the simplified method, which represents the average period from vesting to the expiration of the award.

Expected Volatility. We use the historical volatility of the Next Biotech index observed on Euronext Paris for the 2014 Plan and the historical volatility of our ordinary shares on Euronext Paris for the 2016 Plan, the 2017 Plan,the 2018 Plan and the 2019 Plan.

Risk-Free Interest Rate. The risk-free interest rate is based on the yields of French government bonds with maturities similar to the expected term of the warrants for each warrant group.

Dividend Yield. We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we have used an expected dividend yield of zero.

If any of the assumptions used in the Black-Scholes, Monte-Carlo and Cox-Ross-Rubinstein models change significantly, share-based compensation for future awards may differ materially compared with the awards granted previously.

The following table presents the weighted-average assumptions used to estimate the fair value of options granted during the periods presented:

Warrants	January 2017	June 2017	January 2018	April 2019	October 2019
Volatility	48.00%	48.00%	43.94%	38.91%	33.41%
Expected life (in years)	3	3	5.5 - 6.5	3 - 4	2.5
Dividend yield	0%	0%	0%	0%	0%

Stock options	January 2017	June 2017	October 2017	January 2018	September 2018	January 2019	April 2019	July 2019	October 2019
Volatility	48.00%	48.00%	48.00%	43.94%	41.59%	41.88%	41.65%	41.00%	40.69%
Expected life (in years)	3	3	3	5.5 - 6.5	6 - 6.5	6 - 6.5	6 - 6.5	6 - 6.5	6 - 6.5
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%

For the years ended December 31, 2017, 2018 and 2019, we recorded share-based compensation expense of €1,769 thousand, €2,449 thousand and €1,359 thousand, respectively.

Since December 31, 2019, our Chief Executive Officer allocated on February 25, 2020:

- 41,950 SOP 2019 to certain employees; and
- 50,037 AGA 2019 to certain employees.

B. Liquidity and Capital Resources

We have financed our operations since our inception through several rounds of public and private financings. Through 2012, we raised an aggregate of €17.7 million from the issuance of ordinary and preference shares and an additional €9.0 million from the issuance of convertible bonds. In 2013, we issued ordinary shares in our initial public offering on Euronext Paris, raising net proceeds of €14.7 million and in 2014, we issued additional ordinary shares, raising net proceeds of €28.4 million. In 2015, we raised €23.5 million of net proceeds through the issuance of ordinary shares in our December 2015 offering. In December 2016, we raised an additional €9.2 million of net proceeds through the issuance of ordinary shares. In April 2017, we raised an additional €65.2 million of net proceeds through the issuance of ordinary shares. In November 2017, we completed a global offering of an aggregate of 6,180,137

ordinary shares, including the full exercise of the underwriters' options to purchase additional shares, for net proceeds of €112.1 million ($130.4 million). The global offering consisted of a U.S. initial public offering of ADSs and a concurrent private placement of ordinary shares in Europe and other countries outside of the United States and Canada.

We have also financed our operations through:

- an aggregate amount of €2.7 million in non-refundable grants from BPI France and €2.1 million in conditional advances received from BPI France since our inception in 2004 through December 31, 2019. Since December 31, 2019, we received an additional amount of €0.3 million in non-refundable grants from BPI France and €3.0 million in conditional advances.
- research tax credits since our inception in 2014. The research tax credit recognized for the years ended December 31, 2017, 2018 and 2019 amounted to €11.6 million, of which €7.7 million are received as of the date of this Annual Report. The remaining balance is expected to be received in 2020.
- an unsecured bank loan with Société Générale subscribed in 2016 for a total amount of €1.9 million. The outstanding amount drawn at December 31, 2019 was €0.1 million.

Cash Flows

The table below summarizes our sources and uses of cash for the years ended December 31, 2017, 2018 and 2019.

	December 31,		
	2017	2018	2019
	(in thousands of €)		
Net cash flows used in operating activities	(24,702)	(47,857)	(43,310)
Net cash flows used in investing activities	(1,791)	(6,450)	(19,838)
Net cash flows from (used in) financing activities	177,545	(818)	40
Exchange rate effect on cash in foreign currency	(3,183)	3,981	1,910
Net increase (decrease) in cash and cash equivalents	**147,869**	**(51,144)**	**(61,198)**

Our net cash flows used in operating activities were €24,702 thousand, €47,857 thousand and €43,310 for the years ended December 31, 2017, 2018 and 2019, respectively. From 2017 to 2018, our net cash flows used in operating activities increased due to the launch of TRYbeCA-1 trial in September 2018 and the triggering of advances payments to certain suppliers. From 2018 to 2019, our net cash flows used in operating activities decreased due to the collection of the CIR 2017 and CIR 2018 in 2019.

Our net cash flows used in investing activities were €1,791 thousand, €6,450 thousand and €19,838 in the years ended December 31, 2017, 2018 and 2019, respectively. Cash flows used in investing activities in 2018 and 2019 related mainly to the establishment of our manufacturing facility in Princeton, New Jersey, United States (€3.3 million in 2018 and €18.5 million in 2019) and the expansion of our manufacturing facility in Lyon, France (€1.2 million in 2018 and €0.7 million in 2019).

Our net cash flows from financing activities were €177.5 million in 2017, €(0.8) million in 2018 and €40 thousand in 2019. Net cash flows from financing activities of €177.5 million in 2017 were primarily the result of our fundraising efforts in April 2017 and our global offering in November 2017, which included the issuance of ordinary shares and ADSs. Cash flows used in financing activities in 2018 and 2019 related mainly to the reimbursement of a portion of our outstanding loan with Société Générale.

Non-refundable Subsidies and Conditional Advances from BPI France

Since our inception in 2004 through December 31, 2019, we have received non-refundable subsidies from BPI France in the amount of €2.7 million in connection with our preclinical research programs. Since December 31, 2019, we received an additional amount of €0.3 million in non-refundable grants from BPI France and €3.0 million in conditional advances.

Since our inception in 2004 through December 31, 2019, we have also received three conditional advances from BPI France in relation to the development of our encapsulation platform technology. These conditional advances are recorded under the "proceeds from borrowings" line item in our consolidated statements of cash flows. We recognize advances as current or non-current liabilities, as applicable, in the statement of financial position, based on the repayment schedule. No repayment were made during the years ended December 31, 2017, 2018 and 2019.

The TEDAC research program, which is funded by non-refundable subsidies and conditional advances from BPI, will be funded according to a specified schedule set forth in the contract, subject to completion of milestones. As the program advances, we will

provide BPI France with interim progress reports and a final report when the funded project ends. Based on these reports, we are entitled to conditional advances and non-refundable subsidies, each award being made to help fund a specific development milestone. The total amount of the subsidies to be granted is €2,058 thousand, of which we have received an aggregate amount of €1,455 thousand through December 31, 2019. The total amount of conditional advances to be granted is €4,895 thousand, of which we have received an aggregate amount of €1,182 thousand through December 31, 2019. Since December 31, 2019, we received an additional amount of €0.3 million in non-refundable grants from BPI France and €3.0 million in conditional advances.

The remaining milestones that we may achieve generally relate to development of product candidates such as erymethionase and eryminase under the TEDAC research program. If and to the extent that we earn these conditional advances, we will be obligated to make repayments based on the achievement of specified sales levels as well as a percentage of sales.

Operating Capital Requirements

We believe our existing cash and cash equivalents will enable us to fund our operating expenses and capital expenditure requirements until February 2021. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Until we can generate a sufficient amount of revenue from our product candidates, if ever, we expect to finance our operating activities through our existing cash and cash equivalents.

Our present and future funding requirements will depend on many factors, including, among other things:

- the size, progress, timing and completion of our clinical trials for eryaspase and any other current or future product candidates;
- the number of potential new product candidates we identify and decide to develop;
- the costs involved in filing patent applications and maintaining and enforcing patents or defending against claims of infringement raised by third parties;
- the time and costs involved in obtaining regulatory approval for our product candidates and any delays we may encounter as a result of evolving regulatory requirements or adverse results with respect to any of these product candidates;
- selling and marketing activities undertaken in connection with the anticipated commercialization of eryaspase and any other current or future product candidates, including other product candidates in preclinical development, together with the costs involved in the creation of an effective sales and marketing organization; and
- the amount of revenues, if any, we may derive either directly, or in the form of royalty payments from any future potential collaboration agreements, from our ERYCAPS platform or relating to our other product candidates.

For more information as to the risks associated with our future funding needs, see the section entitled “Item 3.D—Risk Factors.”

Capital Expenditures

Our main capital expenditures in the years ended December 31, 2017, 2018 and 2019 were related primarily to the buildup of our fixed assets for our pharmaceutical manufacturing facilities and laboratories and to a lesser extent to the purchase of office and computer equipment. We do not capitalize clinical research and development costs until we obtain marketing authorization for a product candidate.

Our non-current assets are broken down as follows:

	December 31,		
	2017	2018	2019
	(in thousands of €)		
Intangible assets	53	1,613	603
Property, plant and equipment	3,406	15,274	25,632
Right of use	—	—	10,009
Other non-current financial assets	234	1,046	718
Total	**3,693**	**17,933**	**36,963**

For the year ended December 31, 2017:

- we capitalized costs related to our Princeton manufacturing facility in the amount of €868 thousand, which have been recognized as tangible assets in progress as of December 31, 2017, general equipment and computer equipment in the amount of €407 thousand and building improvements in the amount of €389 thousand; and
- non-current financial assets related to deposits paid on bank collateral and operating leases for our premises in Lyon, France and in Cambridge, Massachusetts.

For the year ended December 31, 2018:

- we recognized in intangible assets expenses incurred as part of a new production process in the amount of €1,596 thousand, which was recognized in assets in progress as of December 31, 2017;
- we capitalized costs related to the establishment of our Princeton manufacturing facility in the amount of €11.9 million and the expansion of our manufacturing capacity in Lyon, France in the amount of €1.2 million, which amounts were recognized in assets under construction as of December 31, 2018; and
- non-current financial assets related mainly to deposits paid on bank collateral and commercial leases in the amount of €446 thousand and advance payments to suppliers in the amount of €511 thousand.

For the year ended December 31, 2019:

- we recognized an impairment in the amount of €1,036 thousand on the new production process asset considering that this amount will no longer be used in the intended production process following clarification at the end of the year 2019;
- we capitalized costs related to the establishment of our Princeton manufacturing facility in the amount of €10.6 million and the expansion of the manufacturing capacity in France (Lyon) in the amount of €0.7 million;
- we recognized a right-of-use in the amount of €10 million following the first application of IFRS 16 (see note 2.6 of our audited consolidated financial statements),this right-of-use related mainly to the operating leases for our premises in Princeton, New Jersey and Cambridge, Massachusetts in the amount of €4.9 million and in Lyon, France in the amount of €5.1 million; and
- non-current financial assets related mainly to deposits paid on bank collateral and commercial leases in the amount of €475 thousand and advance payments to suppliers in the amount of €226 thousand.

C. Research and Development

For a discussion of our research and development activities, see “Item 4.B—Business Overview” and “Item 5.A—Operating Results.”

D. Trend Information

For a discussion of trends, see “Item 5.A—Operating Results” and “Item 5.B—Liquidity and Capital Resources.”

E. Off-Balance Sheet Arrangements

During the periods presented, we did not and do not currently have any off-balance sheet arrangements as defined under Securities and Exchange Commission rules, such as relationships with other entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheet.

F. Tabular Disclosure of Contractual Obligations

The following table discloses aggregate information about our material contractual obligations and the periods in which payments were due as of December 31, 2019. Future events could cause actual payments and timing of payments to differ from the contractual cash flows set forth below.

	LESS THAN 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
			(in thousands of €)		
Lease liabilities	1,425	3,411	2,525	5,342	12,703
Conditional advances	—	—	—	1,321	1,321
Bank loans	62	—	—	—	62
Other financial liabilities	—	—	38	—	38
Trade and fixed assets payables	5,800	—	—	—	5,800
Total	**7,286**	**3,411**	**2,562**	**6,663**	**19,923**

The amounts of contractual obligations set forth in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts. The table does not include obligations under agreements that we can cancel without a significant penalty.

G. Safe Harbor.

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act and as defined in the Private Securities Litigation Reform Act of 1995. See “Special Note Regarding Forward-Looking Statements.”

Item 6. Directors, Senior Management and Employees.

A. Directors and Senior Management.

The following table sets forth information concerning our executive officers and directors as of March 16, 2020.

NAME	AGE	POSITION(S)
Executive Officers		
Gil Beyen	58	Chief Executive Officer and Director
Eric Soyer	53	Deputy General Manager, Chief Financial Officer and Chief Operating Officer
Jean-Sébastien Cleiftie (1)	46	Chief Business Officer
Iman El-Hariry, M.D., Ph.D. (1)	59	Chief Medical Officer
Alexander Scheer, Ph.D(2).	57	Chief Scientific Officer
Jérôme Bailly, Pharm.D.	41	Deputy General Manager, Vice President and Director of Pharmaceutical Operations and Qualified Person
Non-Employee Directors		
Jean-Paul Kress, M.D. (4)	54	Chairman of the Board
Sven Andréasson (3)(4)(5)	67	Director
Philippe Archinard, Ph.D. (3)(4)(6)	60	Director
Luc Dochez, Pharm.D. (6)	45	Director
Martine Ortin George, M.D. (6)	71	Director
Mélanie Rolli, M.D.(7)	47	Director
Hilde Windels (3)(8)	54	Director

(1) Employee of our wholly-owned U.S. subsidiary, ERYTECH Pharma, Inc.
(2) Alexander Scheer notified us that he will be resigning from the position of Chief Scientific Officer effective April 30, 2020.
(3) Member of the audit committee.
(3) Member of the remunerations and appointment committee.
(5) As representative of Galenos SPRL, the legal entity that holds this board seat.
(6) Member of the clinical strategy committee.
(7) On March 12, 2020, Dr. Melanie Rolli was appointed to the board of directors. The board of directors will propose the ratification of her appointment at our next General Meeting of Shareholders.
(8) As representative of Hilde Windels BV, the legal entity that holds this board seat.

Executive Officers

Gil Beyen has served as our Chief Executive Officer since May 2013 and as a member of our board of directors since August 2013. Mr. Beyen served as Chairman of our board of directors from August 2013 to June 2019. Prior to his appointment as Chief Executive Officer, he assisted our company in a consulting role as of 2012 and also served as Chairman of our supervisory board from August 2012 until May 2013. Between 2000 and 2013, Mr. Beyen was Chief Executive Officer and director of TiGenix, a company he co-founded. He previously served as the head of the Life Sciences division of Arthur D. Little, an international management consulting firm, in Brussels. Mr. Beyen received an M.S. in Bioengineering from the University of Leuven (Belgium) and an M.B.A. from the University of Chicago.

Eric Soyer has served as our Chief Financial Officer and Chief Operating Officer since September 2015 and as our *Directeur Général Délégué*, or Deputy General Manager, since January 2019. Prior to his appointment as our Chief Financial Officer, he served for eight years as Chief Financial Officer of EDAP TMS S.A., a French therapeutic ultrasound company. He also was Managing Director of the French affiliate of EDAP TMS from May 2012 to August 2015, and previously was EDAP TMS's Executive Vice President of Finance, Human Resources and Administration from December 2006 to May 2012. From 2005 to 2006, he served as Chief Financial Officer for Medica, a company operating nursing homes and post-care clinics throughout France and Italy. From 1999 to 2005, he served in various positions of increasing responsibility for April Group, an insurance services company. He has international experience as a controller and cost accountant for Michelin Group in France, the United States and Africa. Mr. Soyer graduated from the ESC Clermont School of Management (France) and holds an M.B.A. from the University of Kansas and an Executive M.B.A. from the HEC Paris School of Management (France).

Jean-Sébastien Cleiftie has served as our Chief Business Officer since October 2016. Prior to joining us, he served as Associate Vice-President, Global Business Development & Licensing at Sanofi in Paris, France from October 2010 to August 2016. Prior to joining Sanofi, Mr. Cleiftie served as a principal at Innoven Partners, a European venture capital firm focused on investments in the healthcare and information technology industries in Europe and the United States, from February 2004 to October 2010. From 1997 to 1999, Mr. Cleiftie was a research scientist with Aventis (now Sanofi) in the fields of immunotherapy and gene therapy for cancer. Mr. Cleiftie holds an M.S. in Biological & Medical Sciences and an M.S. in Immunology from the University of Paris V, and received his M.B.A from Cornell University.

Iman El-Hariry, M.D., Ph.D. has served as our Chief Medical Officer and employee of our wholly-owned U.S. subsidiary, ERYTECH Pharma, Inc., since June 2015. Prior to her appointment as Chief Medical Officer, she served as President of Azure Oncology Consulting from July 2014 to June 2015 and also assisted us in a consulting role from November 2014 to June 2015. Dr. El-Hariry served as Vice President of Clinical Research at Synta Pharmaceuticals from November 2010 to July 2014 and as Global Head of Oncology at Astellas Pharma, Inc. from June 2009 to July 2010. From 2001 to 2009, she served as Director of Clinical Development, Oncology at Glaxo Smith Kline. Dr. El-Hariry is a licensed oncologist with an M.D. from Alexandria Medical School (Egypt) and a Ph.D. in Cancer Research from Imperial College of Science and Medicine (United Kingdom).

Alexander Scheer, Ph.D. has served as our Chief Scientific Officer since October 2016. Prior to joining us, he served as the Head of Research at Pierre Fabre Laboratories, a pharmaceutical company, in France from 2014 to 2016, and also served as a Deputy Head of Research at Pierre Fabre from 2012 to 2014. Prior to joining Pierre Fabre, Dr. Scheer served as a Director, Global Research Informatics & Knowledge Management R&D and Project Leader, Neglected Diseases at Merck Serono in Switzerland from 2007 to 2012. From 2001 to 2007, Dr. Scheer served as Head of Molecular Screening and Cellular Pharmacology Department, Group Leader of Biochemical Pharmacology and Research Scientist at Merck Serono. Dr. Scheer holds a B.Sc. in Natural Sciences and M.Sc. in Chemistry, both from the University of Gottingen (Germany), and a Ph.D. in Chemistry and Biochemistry from the German Cancer Research Center.

Jérôme Bailly, Pharm.D. has served as our Qualified Person since December 2011, as our Director of Pharmaceutical Operations since 2007 and as a Vice President and *Directeur Général Délégué*, or Deputy General Manager, since 2017. Prior to 2007, he was the Director of QA/Production at Skyepharma and Laboratoire Aguettant. Dr. Bailly holds a Pharm.D. and a degree in Chemical Engineering, specializing in Biopharmaceutical Engineering and Cellular Production from École Polytechnique de Montréal (Canada).

Non-Employee Directors

Jean-Paul Kress, M.D. has served as Chairman of our board of directors since June 2019. Dr. Kress has served as the Chief Executive Officer of MorphoSys AG since September 2019. He previously served as President and Chief Executive Officer of Syntimmune Inc. from January 2018 to November 2018. Prior to joining Syntimmune, Dr. Kress served as Executive Vice President, President of International and Head of Global Therapeutic Operations at Biogen Inc from June 2017 to January 2018. From September 2015 to June 2017, Dr. Kress served as Senior Vice President, Head of North America at Sanofi Genzyme. From July 2011 to September 2015, Dr. Kress served as President and Chief Executive Officer of Sanofi Pasteur MSD, a European vaccine company. Prior to then, Dr. Kress worked at Gilead, Abbvie and Eli Lilly in senior commercial and business development roles in the United States and in Europe. Dr. Kress holds an M.D. degree from Faculté Necker-Enfants Malades in Paris, and graduate and post-graduate degrees in pharmacology and immunology from École Normale Supérieure in Paris.

Sven Andréasson (acting as legal representative of Galenos Sprl) has served as a member of our board of directors since 2013 and has served as representative of Galenos SPRL, the legal entity that holds this board seat, since 2014. He also served as a member of our supervisory board from 2009 to May 2013. Mr. Andréasson has served as Senior Vice President, Corporate Development for Novavax, Inc. (United States), a pharmaceutical company, since June 2014. From 2012 to 2013, he served as Chief Executive Officer of Isconova AB (Uppsala, Sweden), a leading international vaccine adjuvant company acquired by Novavax in 2013, currently operating as Novavax AB. Prior to his role at Novavax AB, he served as Chief Executive Officer of Beta-Cell N.V. (Brussels, Belgium) from 2008 to 2012 and as Chief Executive Officer of Active Biotech AB (Lund, Sweden) from 1999 to 2008. Mr. Andréasson spent a number of years in roles at Pharmacia Corporation (merged with Pfizer Inc.), including President of Pharmacia SA, France, President of KabiPharmacia International and President of Pharmacia Arzneimittel GmbH. He has extensive experience in international biotechnology companies and in the pharmaceutical industry. Mr. Andréasson received his B.S. in Business Administration and Economics from the Stockholm School of Economics (Sweden).

Philippe Archinard, Ph.D. has served as a member of our board of directors since 2013 and was previously a member of our supervisory board from 2007 to May 2013. Dr. Archinard was appointed General Manager, Chief Executive Officer and director of Transgene S.A. in December 2004 and its chairman of the board of directors in June 2010. Prior to joining Transgene, he served as chief executive officer of Innogenetics N.V., from 2000 to December 2004. Dr. Archinard previously spent 15 years in various positions of increasing responsibility at bioMérieux, a multinational biotechnology company, including serving as chief executive officer of its U.S. subsidiary. He has served as a member of bioMérieux's board of directors since 2005. Dr. Archinard is a chemical engineer, holds a Ph.D. in biochemistry from the University of Lyon (France), and completed Harvard Business School's Program for Management Development (PMD).

Luc Dochez, Pharm.D. has served as a member of our board of directors since 2015. Mr. Dochez is currently a venture partner at DROIA N.V., a position he has held since October 2018. Prior to then, he served as Chief Executive Officer of Tusk Therapeutics Ltd., a private company focused on developing novel immuno-oncology products, from March 2015 until its acquisition by Roche in September 2018. Mr. Dochez has over 15 years of experience in the biotechnology industry. He served as the Chief Business Officer and Senior Vice President of Business Development of Prosensa Holding N.V., a biotechnology company, from November 2008 until its acquisition by BioMarin Pharmaceutical Inc. in January 2015. Before joining Prosensa, he served as Vice President of Business Development at TiGenix, Director Business Development at Methexis Genomics, and a consultant at Arthur D. Little. Mr. Dochez is a board member of Pharvaris BV, a Dutch company focused on rare diseases, as well as Bioncotech Therapeutics SL, a Spanish oncology company. He serves as an advisor to EverImmune S.A., a French microbiome company, and is an expert member of the Investment Committee of QBIC II, a Belgian seed investment fund. Mr. Dochez holds a Pharm.D. degree and a postgraduate degree in business economics from the University of Leuven (Belgium) and an M.B.A. degree from Vlerick Management School (Belgium).

Martine Ortin George, M.D. has served as a member of our board of directors since 2014. She has extensive experience in the United States in clinical research, medical affairs and regulatory issues, acquired in small and large companies specialized in oncology. She currently serves as principal and senior executive consultant-life sciences for Global Development Inc. Dr. George held the position of Vice President in charge of Global Medical Affairs for Oncology at Pfizer Inc., New York from 2010 to 2015. Previously, Dr. George held the positions of Senior Vice President and Chief Medical Officer at GPC Biotech, Princeton and Senior Vice President, Head of the Oncology Department at Johnson &Johnson, New Jersey. She is a qualified gynecologist and oncologist, trained in France and in Montreal. Dr. George began her career as Chief of Service at the Institut Gustave Roussy (France), was a visiting professor at the Memorial Sloan Kettering Cancer Center, New York, and then held positions of increasing responsibility at Lederle Laboratories (a predecessor company to Pfizer Inc.), Sandoz (now a division of Novartis AG) and Rhône-Poulenc Rorer (today part of Sanofi).

Mélanie Rolli, M.D. was appointed to our board of directors effective March 12, 2020. Dr. Rolli currently serves as the Chief Executive Officer of PIQUR Therapeutics AG, a Basel, Switzerland-based clinical stage biotechnology company dedicated to drug development of targeted therapies in various oncological and dermatological indications, a position she has held since May 2019. She joined PIQUR in 2017 as Chief Medical Officer and took on additional responsibilities as Chief Operating Officer in 2018. Prior to joining PIQUR, she was at Novartis Pharmaceuticals AG from 2003 to 2017, where she held positions of increasing responsibility across the drug development, safety, and medical affairs functions. Prior to joining Novartis, she worked as a post-doctoral cancer

research physician at SCRIPPS Research Institute for Molecular and Experimental Medicine in La Jolla, California, and as a clinical researcher in Germany. Dr. Rolli graduated from the University of Heidelberg with a doctorate in medicine and pharmacology.

Hilde Windels (acting as legal representative of Hilde Windels BV) has served as a member of our board of directors since 2014 and has served as the representative of Hilde Windels BV, the legal entity that holds this seat, since 2017. She has over 20 years of experience in corporate finance, capital markets and strategic initiatives. She currently serves as an executive chairman of the board of directors and co-Chief Executive Officer of Mycartis NV, a private immune diagnostics company in Belgium and a spin-out of Biocartis Group NV. Ms. Windels initially joined Biocartis in August 2011 as its Chief Financial Officer, a position she held until September 2015 when she was appointed co-Chief Executive Officer, a position she held until early 2017, when she became interim Chief Executive Officer of Biocartis until September 2017. From early 2009 to mid-2011, she worked as an independent chief financial officer for several private biotechnology companies. Ms. Windels served as Chief Financial Officer of Devgen from 1999 to 2008 and as a member of its board of directors from 2001 to 2008. Ms. Windels also currently serves on the board of directors of Ablynx, MDx Health NV, Celyad NV and VIB in Belgium. Ms. Windels holds a Masters in Economics from the University of Leuven (Belgium).

Family Relationships

There are no family relationships among any of our executive officers or directors.

B. Compensation.

The aggregate compensation paid and benefits in kind granted by us to our current executive officers and directors, including share-based compensation, for the year ended December 31, 2019 was €3.4 million. The total amount set aside or accrued to provide pension, retirement or similar benefits for our executive officers was €199 thousand. We did not set aside any similar pension or retirement benefits for the benefit of our directors.

Director Compensation

At our combined general meetings of shareholders held on June 27, 2017, June 28, 2018 and June 21, 2019, shareholders set the total annual amount of the remuneration to be distributed among non-employee directors at €280 thousand for 2017 and 2018 and €400 thousand for 2019. The following table sets forth information regarding the compensation earned by our non-employee directors for service on our board of directors during the year ended December 31, 2019. Gil Beyen, our Chief Executive Officer, is a director but does not receive any additional compensation for his services as a director. On March 12, 2020, Dr. Melanie Rolli was appointed to our board of directors so is not included in the table below as she was not a director during the year ended December 31, 2019.

NAME	FEES EARNED (€)	WARRANTS (1) (€)	TOTAL (€)
Jean Paul Kress	39,175	130,911	170,086
Philippe Archinard	65,500	-	65,500
Allene Diaz(2)	46,000	-	46,000
Luc Dochez	46,500	-	46,500
Galenos SPRL	59,000	-	59,000
Martine Ortin George	54,500	-	54,500
Hilde Windels BV	49,500	-	49,500

(1) As required by SEC rules governing disclosures in this Annual Report, our equity grants (e.g., options, warrants or free shares) are required to be disclosed at their fair value on the date of grant and do not have any intrinsic value to their recipients if the strike price of the warrants is higher than the underlying share price. During the year ended December 31, 2019, Board members paid to us the fair value of the warrants received. Therefore, their compensation is zero because they received no corresponding benefit on the date of grant. The assumptions we used in valuing these awards are described in Note 3.3.3 to our consolidated financial statements and do not necessarily correspond to the actual value recognized or that may be recognized by our directors. Any intrinsic value would only be recognized for tax purposes upon exercise of the equity grants and/or sale of the shares pursuant to applicable tax laws.

(2) Allene Diaz resigned from our board of directors, effective September 30, 2019.

Executive Committee Compensation

Our executive committee currently consists of (i) our Chief Executive Officer, (ii) our Chief Financial Officer, Chief Operating Officer and Deputy General Manager, (iii) our Chief Business Officer, (iv) our Chief Medical Officer, and (v) our Vice President and Director of Pharmaceutical Operations and Qualified Person. The executive committee discusses and consults with the board and advises the board on our day-to-day management. The following table sets forth information regarding compensation earned during the year ended December 31, 2019 by:

- Gil Beyen, our Chief Executive Officer;
- Eric Soyer, our Chief Financial Officer, Chief Operating Officer and Deputy General Manager; and
- Jérôme Bailly, our Vice President and Director of Pharmaceutical Operations and Qualified Person and Deputy General Manager.

NAME AND PRINCIPAL POSITION	SALARY	BONUS	EQUITY AWARDS	ALL OTHER COMPENSATION	TOTAL
Gil Beyen *Chief Executive Officer*	€ 399,403 (1) (2)	€ 129,805 (3) (8)	€ 253,580 (4)	€ 7,923 (5)	€ 790,712
Jérôme Bailly *Deputy General Manager, Director of Pharmaceutical Operations and Qualified Person*	€ 172,704 (2)	€ 36,210 (3)	€ 70,171 (6)	€ 8,576 (7)	€ 287,661
Eric Soyer *Deputy General Manager, Chief Financial Officer and Chief Operating Officer*	€ 265,201	€ 59,150	€ 111,838 (9)	€ 17,438 (10)	€ 453,627
All other executive committee members	€ 1,075,667	€ 214,319	€ 288,331	€ 13,704	€ 1,592,020

(1) Of which $255,972 (€228,628) are paid by our U.S. subsidiary, Erytech Pharma Inc., for Mr. Beyen's position as President of Erytech Pharma Inc.
(2) Reflects gross remuneration before taxes.
(3) Reflects compensation received for achievement of strategic goals related to (i) the advancement of clinical trials with eryaspase, (ii) the advancement of other development programs and (iii) building the organization and securing additional financing.
(4) Reflects the valuation of 40,615 free shares and 123,200 stock options granted during the year ended December 31, 2019.
(5) Reflects benefits in kind related to vehicle rentals.
(6) Reflects the valuation of 38,846 free shares granted during the year ended December 31, 2019.
(7) Reflects (i) €3,834 for benefits in kind related to vehicle rentals and (ii) €4,742 for retirement benefits.
(8) Subject to approval of our shareholders at the next Annual General Meeting of Shareholders.
(9) Reflects the valuation of 67,692 free shares granted during the year ended December 31, 2019.
(10) Reflects (i) €5,797 for benefits in kind related to vehicle rentals and (ii) €11,641 for retirement benefits.

Executive Compensation Arrangements

For a discussion of our employment arrangements with our executive officers, see "Item 7.B.—Related Party Transactions—Arrangements with Our Directors and Executive Officers." Except the arrangements described in "Item 7.B.—Related Party Transactions—Agreements with Our Directors and Executive Officers," there are no arrangements or understanding between us and any of our other executive officers providing for benefits upon termination of their employment, other than as required by applicable law.

Limitations on Liability and Indemnification Matters

Under French law, provisions of bylaws that limit the liability of directors are prohibited. However, French law allows *sociétés anonymes* to contract for and maintain liability insurance against civil liabilities incurred by any of their directors and officers involved in a third-party action, provided that they acted in good faith and within their capacities as directors or officers of the company. Criminal liability cannot be indemnified under French law, whether directly by the company or through liability insurance.

We have obtained directors' and officers' liability insurance for our directors and officers, which includes coverage against liability under the Securities Act. We have entered into agreements with our directors and executive officers to provide contractual indemnification. With certain exceptions and subject to limitations on indemnification under French law, these agreements provide for indemnification for damages and expenses including, among other things, attorneys' fees, judgments and settlement amounts incurred by any of these individuals in any action or proceeding arising out of his or her actions in that capacity.

These agreements may discourage shareholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and

executive officers, even though such an action, if successful, might otherwise benefit us and our shareholders. Furthermore, a shareholder's investment in our equity securities may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these insurance agreements.

Equity Incentives

We believe our ability to grant equity incentives is a valuable and necessary compensation tool that allows us to attract and retain the best available personnel for positions of substantial responsibility, provides additional incentives to employees and promotes the success of our business. Due to French corporate law and tax considerations, we have historically granted several different equity incentive instruments to our directors, executive officers, employees and other service providers, including:

- founder's share warrants (otherwise known as *bons de souscription de parts de créateurs d'entreprise*, or BSPCE), which are granted to our officers and employees;
- share warrants (otherwise known as *bons de souscription d'actions*, or BSA), which have historically only been granted to non-employee directors;
- restricted, or free, shares (otherwise known as *actions gratuites*); and
- stock options (otherwise known as *options de souscription et/ou d'achat d'actions*).

Our board of directors' authority to grant these equity incentive instruments and the aggregate amount authorized to be granted under these instruments must be approved by a two-thirds majority of the votes held by our shareholders present, represented or voting by authorized means, at the relevant extraordinary shareholders' meeting. Once approved by our shareholders, our board of directors can grant share warrants (BSA) for up to 18 months, and restricted (free) shares and stock options for up to 38 months from the date of the applicable shareholders' approval. The authority of our board of directors to grant equity incentives may be extended or increased only by extraordinary shareholders' meetings. As a result, we typically request that our shareholders authorize new pools of equity incentive instruments at every annual shareholders' meeting.

We have six share-based compensation plans for our executive officers, non-employee directors and employees: the 2012 Plan, the 2014 Plan, the 2016 Plan, the 2017 Plan, the 2018 Plan and the 2019 Plan, or the Plans. In general, founder's share warrants and share warrants no longer continue to vest following termination of the employment, office or service of the holder and all vested shares must be exercised within post-termination exercise periods set forth in the grant documents. In the event of certain changes in our share capital structure, such as a consolidation or share split or dividend, French law and applicable grant documentation provides for appropriate adjustments of the numbers of shares issuable and/or the exercise price of the outstanding warrants.

As of December 31, 2019, employee warrants, non-employee warrants, employee stock options and free shares were outstanding allowing for the purchase of an aggregate of 1,953,631 ordinary shares at a weighted average exercise price of €10.09 ($11.33) per ordinary share based on the exchange rate in effect as of such date (this weighted average exercise price does not include 648,345 ordinary shares issuable upon the vesting of outstanding free shares that may be issued for free with no exercise price being paid).

Founder's Share Warrants (BSPCE)

Founder's share warrants have traditionally been granted to certain of our employees who were French tax residents because the warrants carry favorable tax and social security treatment for French tax residents. Similar to options, founder's share warrants entitle a holder to exercise the warrant for the underlying vested shares at an exercise price per share determined by our board of directors and at least equal to the fair market value of an ordinary share on the date of grant. However, unlike options, the exercise price per share is fixed as of the date of implementation of the plans pursuant to which the warrants may be granted, rather than as of the date of grant of the individual warrants.

We have issued two types of founder's share warrants as follows:

Plan Title	BSPCE 2014	BSPCE 2012
Meeting date	April 2, 2013	May 21, 2012
Dates of allocation	January 22, 2014 June 23, 2015 May 6, 2016	May 31, 2012 July 18, 2013 July 17, 2014
Total number of BSPCEs authorized	19,500 (1)	33,787
Total number of BSPCEs granted	18,410 (2)	33,787
Start date for the exercise of the BSPCEs	For senior management, one-third was vested in 2015 and two-thirds were vested in 2016; for other employees, immediately upon each grant except for 6,500 BSPCE2014 which could not be exercised before July 1, 2017	From May to July 2012, 2013 and 2014
BSPCE expiry date	January 22, 2024	May 20, 2020
BSPCE exercise price per share	€12.250	€7.362
Number of shares subscribed as of December 31, 2019	15,000	168,110
Total number of BSPCEs granted but not exercised as of December 31, 2019	16,910	16,976
Total number of shares available for subscription as of December 31, 2019	169,100	169,760
Maximum number of new shares that can be issued	169,100	169,760

(1) 22,500 $BSPCE_{2014}$ were originally allocated by the board of directors on January 22, 2014. On December 4, 2014, the board of directors approved the conversion of 3,000 $BSPCE_{2014}$ into 3,000 BSA_{2014}.

(2) Excludes 1,000 BSPCE initially allocated to a former officer which were forfeited following his resignation in January 2016 and 90 BSPCE allocated to a former employee which were forfeited.

Our shareholders, or pursuant to delegations granted by our shareholders, our board of directors, determines the recipients of the warrants, the dates of grant, the number and exercise price of the founder's share warrants to be granted, the number of shares issuable upon exercise and certain other terms and conditions of the founder's share warrants, including the period of their exercisability and their vesting schedule. However, notwithstanding any shareholder authorization, under applicable law, we are no longer eligible to issue any further founders' share warrants (BSPCE).

Share Warrants (BSA)

Share warrants have historically only been granted to our non-employee directors. Similar to options, share warrants entitle a holder to exercise the warrant for the underlying vested shares at an exercise price per share determined by our board of directors and at least equal to the fair market value of an ordinary share on the date of grant. However, unlike options, the exercise price per share is fixed as of the date of implementation of the plans pursuant to which the warrants may be granted, rather than as of the date of grant of the individual warrants.

As of December 31, 2019, we have issued six types of share warrants as follows:

Plan title	BSA 2019	BSA 2018	BSA 2017	BSA 2016	BSA 2014	BSA 2012
Meeting date	June 21, 2019	June 28, 2018	June 27, 2017	June 24, 2016	April 2, 2013	May 21, 2012
Dates of allocation	October 9, 2019	April 12, 2019	June 27, 2017 January 7, 2018	October 3, 2016 January 8, 2017	June 23, 2015	May 31, 2012 August 3, 2012 July 18, 2013 July 17, 2014 April 29, 2015 August 31, 2015
Total number of BSAs authorized	200,000	50,000	100,000	60,000	3,000(1)	11,263
Total number of BSAs granted	75,000	25,998	95,500	60,000	3,000	10,760
Start date for the exercise of the BSAs	October 9,2021	One third as from 12 April 2020, one third as from 12 April 2021 and one third as from 12 April 2022	(5)	(2)	One-third vested in 2015 and two-thirds vested in 2016 for senior management	From May to July 2012, 2013, 2014 and 2015
BSA expiry date	October 9, 2022	25 998 BSA2018 have been declared lapsed on October 9, 2019 by the Board of Directors	(6)	(3)	January 22, 2024	May 20, 2020
BSA exercise price per share	3.71	6.82	(7)	(4)	12.25	7.36
Number of shares subscribed as of December 31, 2019	0	0	0	0	1,000	67,420
Total number of BSAs granted but not exercised as of December 31, 2019	75,000	0	88,500	55,000	2,900	4,018
Total number of shares available for subscription as of December 31, 2019	0	0	53,500	55,000	29,000	40,180
Maximum number of new shares that can be issued	75,000	0	88,500	55,000	29,000	40,180
BSA Expired (caducity)	0	25,998	7,000	5,000	0	0

(1) Reflects conversion of 3,000 $BSPCE_{2014}$ into 3,000 BSA_{2014} pursuant to a decision of the board of directors on December 4, 2014.

(2) For the 45,000 BSA_{2016} granted on October 3, 2016, half can be exercised as from October 4, 2017. The remainder can be exercised as from October 4, 2018. For the 15,000 BSA_{2016} granted on January 8, 2017, one-third can be exercised as from January 8, 2018, one-third as from January 8, 2019 and the remainder as from January 8, 2020.

(3) October 3, 2021 for the 45,000 BSA granted on October 3, 2016. January 8, 2022 for the 15,000 BSA granted on January 8, 2017.
(4) €18.52 for the 45,000 BSA granted on October 3, 2016. €13.60 for the 15,000 BSA granted on January 8, 2017.
(5) For the 55,000 BSA granted on June 27, 2017, approximately one-third of the award can be exercised as from June 27, 2018, approximately one-third can be exercised as from June 27, 2019 and the remainder can be exercised as from June 27, 2020 and for the 45,000 BSA granted on January 7, 2018, one-third can be exercised as from January 7, 2019, one-third can be exercised as from January 7, 2020 and the remainder can be exercised as from January 7, 2021.
(6) June 27, 2022 for the 55,000 BSA granted on June 27, 2017. January 7, 2023 for the 40,500 BSA granted on January 7, 2018.
(7) €26.47 for the 55,000 BSA granted on June 27, 2017. €18.00 for the 40,500 BSA granted on January 7, 2018.

Our shareholders, or pursuant to delegations granted by our shareholders, our board of directors, determines the recipients of the warrants, the dates of grant, the number and exercise price of the share warrants to be granted, the number of shares issuable upon exercise and certain other terms and conditions of the share warrants, including the period of their exercisability and their vesting schedule.

Free Shares (AGA)

Under our Free Share Plans, we have granted free shares to certain of our employees and officers.

Free shares may be granted to any individual employed by us or by any affiliated company. Free shares may also be granted to our Chairman, to our Chief Executive Officer and to our Deputy General Managers. However, no free share may be granted to a beneficiary holding more than 10% of our share capital or to a beneficiary who would hold more than 10% of our share capital as a result of such grant. The maximum number of shares that may be granted or issued is 250,000 under the 2016 Free Share Plan, 300,000 under the 2017 Free Share Plan, 150,000 under the 2018 Free Share Plan and 400,000 under the 2019 Free Share Plan. In addition, under French law, the maximum number of shares that may be granted shall not exceed 10% of the share capital as at the date of grant of the free shares (30% if the allocation benefits all employees).

Our board of directors has the authority to administer 2016 Free Share Plan, 2017 Free Share Plan, 2018 Free Share Plan and 2019 Free Share Plan, or the Free Share Plans. Subject to the terms of the Free Share Plans, our board of directors determines the recipients, the dates of grant, the number of free shares to be granted and the terms and conditions of the free shares, including the length of their vesting period (starting on the grant date, during which the beneficiary holds a right to acquire shares for free but has not yet acquired any shares) and holding period (starting when the shares are issued and definitively acquired but may not be transferred by the recipient) within the limits determined by the shareholders. Our shareholders have determined that the vesting period should be set by the board of directors and should not be less than one year from the date of grant and that the optimal holding period should be set by the board of directors. From the beginning of the vesting period, the cumulated vesting and holding period should not be less than two years.

The board of directors has the authority to modify awards outstanding under our Free Share Plans, subject to the consent of the beneficiary for any modification adverse to such beneficiary. For example, the board has the authority to release a beneficiary from the continued service condition during the vesting period after the termination of the employment.

The free shares granted under our Free Share Plans will be definitively acquired at the end of the vesting period as set by our board of directors subject to continued service during the vesting period, except if the board releases a given beneficiary from this condition upon termination of his or her employment contract, or pursuant to the achievement of the performance conditions set out in the Free Share Plans.

The vesting of the free shares granted under the 2016 Free Share Plan, 2017 Free Share Plan and 2018 Free Share Plan is divided in three equal shares (33.33%), respectively following the first, second and third year following the date of grant. The vesting of the free shares granted under the 2019 Free Share Plan is in five tranches: the first (32%) one year following the date of grant, the second (32%) following the date of grant, the third (2%) following the fourth year of grant and the fifth (2%) following the fifth year of grant.

At the end of the vesting period, the beneficiary will be the owner of the shares. However, the shares may not be sold, transferred or pledged during the holding period. In the event of disability before the end of the vesting period, the free shares shall be definitively acquired by the beneficiary on the date of disability. In the event the beneficiary dies during the vesting period, the free shares shall be definitively acquired at the date of the request of allocation made by his or her beneficiaries in the framework of the inheritance provided that such request is made within six months from the date of death.

As of December 31, 2019, the following free shares have been granted:

Date of grant	Denomination of the free shares	Competent body that granted the AGA	Beneficiaries	Number of AGA granted	Number of shares that can be subscribed as of December 31, 2019
AGA 2016 (under the 2016 Free Share Plan)					
October 3, 2016	AGA2016-03102016	Board of Directors	Executive Officers	59,001	0
October 3, 2016	AGA2016-03102016	Chief Executive Officer	Employees	52,260	0
January 8, 2017	AGA2016-08012017	Board of Directors	Executive Officers	15,000	12,524
June 27, 2017	AGA2016-27062017	Chief Executive Officer	Employees	8,652	6,900
October 3, 2017	AGA2016-03102017	Chief Executive Officer	Employees	16,650	11,400
January 7, 2018	AGA2016-07012018	Board of Directors	Executive Officers	40,500	40,500
AGA 2017 (under the 2017 Free Share Plan)					
June 27, 2017	AGA2017-27062017	Board of Directors	Executive Officers	45,000	45,000
June 27, 2017	AGA2017-27062017	Chief Executive Officer	Employees	29,475	19,800
January 7, 2018	AGA2017-07012018	Board of Directors	Executive Officers	27,000	27,000
January 7, 2018	AGA2017-07012018	Chief Executive Officer	Employees	86,940	60,480
AGA 2018 (under the 2018 Free Share Plan)					
January 6, 2019	AGA2018-06012019	Chief Executive Officer	Employees	36,150	32,100
April 12, 2019	AGA2018-12042019	Chief Executive Officer	Executive Officers	36,000	36,000
April 12, 2019	AGA2018-12042019	Chief Executive Officer	Employees	58,200	55,700
AGA 2019 (under the 2019 Free Share Plan)					
October 9, 2019	AGA2019-09102019	Board of Directors	Executive Officers	149,999	149,999
October 9, 2019	AGA2019-09102019	Board of Directors	Employees	150,942	150,942

Some free shares have lapsed following the departure of certain employees.

Our Chief Executive Officer granted 50,057 free shares under the 2019 Free Share Plan on February 25, 2020.

Stock Options (SO)

Stock options issued pursuant to our Stock Option Plans provide the holder with the right to purchase a specified number of ordinary shares from us at a fixed exercise price payable at the time the stock option is exercised, as determined by our board of directors. Our Stock Option Plans generally provide that the exercise price for any stock option will be no less than 95% of the average of the closing sales prices per ordinary share during the 20 market trading days prior to the day of the board of directors' decision to grant the options. The maximum number of ordinary shares subject to stock options issued is 250,000 ordinary shares under the 2016 Stock Option Plan, 300,000 under the 2017 Stock Option Plan, 300,000 under the 2018 Stock Option Plan and 700,000 under the 2019 Stock Option Plan. Incentive stock options and non-statutory stock options may be granted under our Stock Option Plan.

Stock options may be granted to any individual employed by us or by any affiliated company. Stock options may also be granted to our Chairman, our General Manager and to our Deputy General Managers. In addition, incentive stock options may not be granted to owners of shares possessing 10% or more of the share capital of the company.

Our board of directors has the authority to administer and interpret the 2016 Stock Option Plan, 2017 Stock Option Plan, 2018 Stock Option Plan, 2019 Stock Option Plan, or the Stock Option Plans. Subject to the terms and conditions of our Stock Option Plans, our board of directors determines the recipients, dates of grant, exercise price, number of stock options to be granted and the terms and conditions of the stock options, including the length of their vesting schedules. Our board of directors is not required to grant stock options with vesting and exercise terms that are the same for every participant. The term of each stock option granted under our Stock Option Plan will generally be 10 years from the date of grant. Further, stock options will generally terminate on the earlier of when the beneficiary ceases to be an employee of our company or upon certain transactions involving our company.

The board of directors has the authority to modify awards outstanding under our Stock Option Plans, subject to the written consent of the beneficiary for any modification adverse to such beneficiary. For example, the board of directors has the authority to extend a post-termination exercise period.

Stock options granted under our Stock Option Plans generally may not be sold, transferred or pledged in any manner other than by will or by the laws of descent or distribution. In the event of disability, unless otherwise resolved by our board of directors, the beneficiary's right to exercise the vested portion of his or her stock option generally terminates six months after the last day of such beneficiary's service, but in any event no later than the expiration of the maximum term of the applicable stock options. In the event the beneficiary dies during the vesting period, then, unless otherwise resolved by our board of directors, the beneficiary's estate or any recipient by inheritance or bequest may exercise any portion of the stock option vested at the time of the beneficiary's death within the six months following the date of death, but in any event no later than the expiration of the maximum term of the applicable stock options.

As of December 31, 2019, the following options have been granted:

Date of grant	Denomination of the SOP	Competent body that granted the SOP	Beneficiaries	Number of SOP granted	Exercise Price	Number of shares that can be subscribed as of December 31, 2019
SOP 2016 (under the 2016 Stock Option Plan)						
October 3, 2016	SOP2016-03102016	Board of Directors	Employees	21,999	€ 18.52	21,999
October 3, 2016	SOP2016-03102016	Chief Executive Officer	Employees	22,500	€ 18.52	9,000
January 8, 2017	SOP2016-08012017	Chief Executive Officer	Employees	3,000	€ 15.65	0
June 27, 2017	SOP2016-27062017	Chief Executive Officer	Employees	18,000	€ 26.47	18,000
October 3, 2017	SOP2016-03102017	Chief Executive Officer	Employees	30,000	€ 23.59	18,000
SOP 2017 (under the 2017 Stock Option Plan)						
June 27, 2017	SOP2017-27062017	Board of Directors	Employees	12,000	€ 26.47	12,000
June 27, 2017	SOP2017-27062017	Chief Executive Officer	Employees	10,200	€ 26.47	3,600
January 7, 2018	SOP2017-07012018	Board of Directors	Employees	40,500	€ 18.00	40,500
January 7, 2018	SOP2017-07012018	Chief Executive Officer	Employees	56,703	€ 18.00	37,464
SOP 2018 (under the 2018 Stock Option Plan)						
September 7, 2018	SOP2018-07092018	Board of Directors	Employees	24,000(1)	€ 9.26	0(1)
January 6, 2019	SOP2018-06012019	Chief Executive Officer	Employees	38,025	€ 6.38	36,075
April 12, 2019	SOP2018-12042019	Chief Executive Officer	Executive Officer (Gil Beyen)	18,200	€ 7.20	18,200
April 12, 2019	SOP2018-12042019	Chief Executive Officer	Employees	58,705	€ 7.20	57,535
SOP 2019 (under the 2019 Stock Option Plan)						
July 31, 2019	SOP2019-31072019	Board of Directors	Executive Officer (J.P Kress)	59,123	€ 5.78	59,123
October 9, 2019	SOP2019-09102019	Board of Directors	Executive Officers (Gil Beyen)	105,000	€ 4.25	105,000
			Employees	242,250	€ 4.25	242,250

(1) Which were declared forfeited on June 27, 2019 following employee departure

Some stock options have lapsed following the departure of certain employees.

Our Chief Executive Officer granted 41,950 stock options from the 2019 Stock Option Plan on February 25, 2020.

C. Board Practices.

Until May 2013, our company had a two-tier corporate governance system: an executive board was responsible for managing the company and a supervisory board oversaw and advised the executive board. We have now established a board of directors. Our board of directors currently consists of seven members, less than a majority of whom are citizens or residents of the United States. As permitted by French law, two of our directors, Galenos SPRL and Hilde Windels BV, are legal entities. Each of these entities has designated an individual, Sven Andréasson and Hilde Windels, respectively, to represent it and to act on its behalf at meetings of our board of directors. These representatives have the same responsibilities to us and to our shareholders as he or she would have if he or she had been elected to our board of directors in his or her individual capacity.

Under French law and our bylaws, our board of directors must be comprised of between three and 18 members, without prejudice to the derogation established by law in the event of merger. Since January 1, 2017, the number of directors of each gender may not be

less than 40%. Following the resignation of Allene Diaz effective September 30, 2019, the Board sought a replacement. On March 12, 2020, Dr. Melanie Rolli was appointed to the board. The board will propose the ratification of her appointment at our next General Meeting of Shareholders. To date, our board is composed of five men and three women. Any appointment made in violation of this limit that is not remedied within six months of this appointment will be null and void. Within these limits, the number of directors is determined by our shareholders. Directors are appointed, reappointed to their position, or removed by the company's ordinary general meeting, and in particular, any appointment which remedies a violation of the 40% limit must be ratified by our shareholders at the next ordinary general meeting. Their term of office, in accordance with our bylaws, is three years. Directors chosen or appointed to fill a vacancy must be elected by our board of directors for the remaining duration of the current term of the vacant director. The appointment must then be ratified at the next shareholders' general meeting. In the event the board of directors would be comprised of less than three directors as a result of a vacancy, the remaining directors shall immediately convene a shareholders' general meeting to elect one or several new directors so there are at least three directors serving on the board of directors, in accordance with French law.

The following table sets forth the names of our directors, the years of their initial appointment as directors of the board and the expiration dates of their current term.

	CURRENT POSITION	YEAR OF INITIAL APPOINTMENT	TERM EXPIRATION YEAR(1)
Jean-Paul Kress	Chairman	2019	2022
Gil Beyen	Director	2013	2022
Galenos SPRL represented by Sven Andréasson (2)	Director	2014	2022
Philippe Archinard	Director	2013	2022
Luc Dochez	Director	2015	2022
Martine Ortin George	Director	2014	2020
Hilde Windels BV represented by Hilde Windels(3)	Director	2017	2020

(1) At the end of the ordinary general meeting convened to approve the accounts for the previous financial year during the year in which their term office expires.

(2) Galenos SPRL has designated an individual, Sven Andréasson, to represent it and to act on its behalf at meetings of our board of directors. Mr. Andréasson previously served as a member of our board from 2013 to 2014. Galenos SPRL is a company controlled by Mr. Andréasson.

(3) Hilde Windels BV was appointed as a director by our shareholders at our combined general meeting in June 2017. Hilde Windels BV has designated an individual, Hilde Windels, to represent it and to act on its behalf at meetings of our board of directors. She served as a member of the board of directors in her individual capacity from 2014 to 2017. Hilde Windels BV is a company controlled by Ms. Windels.

Director Independence

As a foreign private issuer, under the listing requirements and rules of the Nasdaq Global Select Market, we are not required to have independent directors on our board of directors, except to the extent that our audit committee is required to consist of independent directors. Nevertheless, our board of directors has undertaken a review of the independence of the directors and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from, and provided by, each director concerning such director's background, employment and affiliations, including family relationships, our board of directors determined that all of our directors, except for Mr. Beyen, qualify as "independent directors" as defined under applicable rules of the Nasdaq Global Select Market and the independence requirements contemplated by Rule 10A-3 under the Exchange Act. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances that our board of directors deemed relevant in determining their independence, including the beneficial ownership of our securities by each non-employee director and his or her affiliated entities (if any).

Role of the Board in Risk Oversight

Our board of directors is primarily responsible for the oversight of our risk management activities and has delegated to the audit committee the responsibility to assist our board in this task. The audit committee also monitors our system of disclosure controls and procedures and internal control over financial reporting and reviews contingent financial liabilities. The audit committee, among other things, examines our balance sheet commitments and risks and the relevance of risk monitoring procedures. While our board oversees our risk management, our management is responsible for day-to-day risk management processes. Our board of directors expects our management to consider risk and risk management in each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement risk management strategies adopted by the board of directors. We believe this division of responsibilities is the most effective approach for addressing the risks we face.

Corporate Governance Practices

As a French *société anonyme*, we are subject to various corporate governance requirements under French law. In addition, as a foreign private issuer listed on the Nasdaq Global Select Market, we will be subject to Nasdaq corporate governance listing standards. However, the corporate governance standards provide that foreign private issuers are permitted to follow home country corporate governance practices in lieu of Nasdaq rules, with certain exceptions. We intend to rely on these exemptions for foreign private issuers and follow French corporate governance practices in lieu of the Nasdaq corporate governance rules, which would otherwise require that (1) a majority of our board of directors consist of independent directors; (2) we establish a nominating and corporate governance committee; and (3) our remuneration committee be composed entirely of independent directors.

As a foreign private issuer, we are required to comply with Rule 10A-3 of the Exchange Act, relating to audit committee composition and responsibilities. Rule 10A-3 provides that the audit committee must have direct responsibility for the nomination, compensation and choice of our auditors, as well as control over the performance of their duties, management of complaints made, and selection of consultants. However, if the laws of a foreign private issuer's home country require that any such matter be approved by the board of directors or the shareholders, the audit committee's responsibilities or powers with respect to such matter may instead be advisory. Under French law, the audit committee may only have an advisory role and appointment of our statutory auditors, in particular, must be decided by the shareholders at our annual meeting.

In addition, Nasdaq rules require that a listed company specify that the quorum for any meeting of the holders of common stock be at least 33 1/3% of the outstanding shares of the company's voting stock. Consistent with French law, our bylaws provide that a quorum requires the presence of shareholders having at least (1) 20% of the shares entitled to vote in the case of an ordinary shareholders' general meeting or at an extraordinary shareholders' general meeting where shareholders are voting on a capital increase by capitalization of reserves, profits or share premium, or (2) 25% of the shares entitled to vote in the case of any other extraordinary shareholders' general meeting. If a quorum is not present, the meeting is adjourned. There is no quorum requirement when an ordinary general meeting is reconvened, but the reconvened meeting may consider only questions which were on the agenda of the adjourned meeting. When an extraordinary general meeting is reconvened, the quorum required is 20% of the shares entitled to vote, except where the reconvened meeting is considering capital increases through capitalization of reserves, profits or share premium. For these matters, no quorum is required at the reconvened meeting. If a quorum is not present at a reconvened meeting requiring a quorum, then the meeting may be adjourned for a maximum of two months.

Board Committees

The board of directors has established an audit committee and a remuneration and appointments committee, which operate pursuant to rules of procedure adopted by our board of directors. The board of directors has also established a clinical strategy committee, which is responsible for analyzing and reviewing our clinical and regulatory strategy. Subject to available exemptions, the composition and functioning of all of our committees (other than the clinical strategy committee) will comply with all applicable requirements of the French Commercial Code, the Exchange Act, the Nasdaq Global Select Market and SEC rules and regulations.

In accordance with French law, committees of our board of directors will only have an advisory role and can only make recommendations to our board of directors. As a result, decisions will be made by our board of directors taking into account non-binding recommendations of the relevant board committee.

Audit Committee. Our audit committee assists our board of directors in its oversight of our corporate accounting and financial reporting and submits the selection of our statutory auditors, their remuneration and independence for approval. Mr. Andréasson, Dr. Archinard and Ms. Windels currently serve on our audit committee. Ms. Windels is the chairperson of our audit committee. Our board has determined that each of Mr. Andréasson, Dr. Archinard and Ms. Windels is independent within the meaning of the applicable listing rules and the independence requirements contemplated by Rule 10A-3 under the Exchange Act. Our board of directors has further determined that Ms. Windels is an "audit committee financial expert" as defined by SEC rules and regulations and that each of the members qualifies as financially sophisticated under the applicable exchange listing rules. The principal responsibility of our audit committee is to monitor the existence and efficacy of the company's financial audit and risk control procedures on an ongoing basis.

Our board of directors has specifically assigned the following duties to the audit committee:

- examining the corporate and consolidated annual and interim financial statements;
- validating the relevance of the company's accounting methods and choices;
- verifying the relevance of financial information published by the company;
- ensuring the implementation of internal control procedures;
- verifying the correct operation of internal controls with the assistance of internal quality audits;
- examining the schedule of work for internal and external audits;
- examining any subject likely to have a significant financial and accounting impact;
- examining the state of significant disputes;
- examining off-balance sheet commitments and risks;
- examining the relevance of risk monitoring procedures;
- establishing and overseeing procedures for the treatment of complaints or submissions identifying concerns regarding accounting, internal accounting controls, or auditing matters;
- examining any regulated agreements as well as monitoring any agreements relating to current operations and entered into under normal conditions;
- directing the selection of statutory auditors, their remuneration, and ensuring their independence;
- ensuring proper performance of the statutory auditors' mission; and
- establishing the rules for the use of statutory auditors for work other than auditing of the accounts and verifying the correct execution thereof.

Remuneration and Appointments Committee. Mr. Andréasson, Dr. Archinard and Dr. Kress currently serve on our remuneration and appointments committee. Dr. Archinard is the chairperson of our remuneration and appointments committee.

Our board of directors has specifically assigned the following duties to the remuneration and appointments committee:

- formulating recommendations and proposals concerning (i) the various elements of the remuneration, pension and health insurance plans for executive officers and directors, (ii) the procedures for establishing the terms and conditions for setting the variable portion of their remunerations, and (iii) a general policy for awarding share warrants and founder's warrants;
- examining the amount of the annual remuneration of the directors and the system for distributing such amount amongst the directors, taking into account their dedication and the tasks performed within the board of directors;
- advising and assisting the board of directors as necessary in the selection of senior executives and the establishment of their remuneration;
- assessing any increases in capital reserved for employees;
- assisting the board of directors in the selection and recruitment of new directors;
- ensuring the implementation of structures and procedures to allow the application of good governance practices within the company;
- preventing conflicts of interest within the board of directors; and
- implementing the procedure for evaluating the board of directors.

Clinical Strategy Committee. Dr. George, Mr. Dochez and Dr. Archinard currently serve on our clinical strategy committee. Dr. George is the chairperson of our clinical strategy committee. Our clinical strategy committee is responsible for analyzing and reviewing our clinical and regulatory strategy. It meets, at least once a year, and makes recommendations to the board of directors regarding our clinical and regulatory development strategy.

Our board of directors has specifically assigned the following duties to the clinical strategy committee:

- analyzing and reviewing our clinical development focus; and
- analyzing and reviewing our regulatory approval strategies.

D. Employees.

As of December 31, 2019, we had 217 employees. We consider our labor relations to be positive. At each date shown, we had the following headcount, broken out by department and geography:

	At December 31,		
	2017	2018	2019
Function:			
Research and preclinical development	28	35	31
Clinical, medical and regulatory affairs	24	33	34
Pharmaceutical operations	29	20	26
Manufacturing and supply	—	41	82
Management and administration	28	37	38
Business development and licensing	5	6	6
Total	**114**	**172**	**217**
Geography:			
France	100	146	158
United States	14	26	59
Total	**114**	**172**	**217**

E. Share Ownership.

For information regarding the share ownership of our directors and executive officers, see “Item 6.B—Compensation” and “Item 7.A—Major Shareholders.”

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table and accompanying footnotes set forth, as of December 31, 2019, information regarding beneficial ownership of our ordinary shares by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our ordinary shares;
- each of our executive officers;
- each of our directors (other than Dr. Rolli who was appointed to our Board on March 12, 2020); and
- all of our executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including free shares that vest within 60 days of December 31, 2019 and options and warrants that are currently exercisable or exercisable within 60 days of December 31, 2019. Shares subject to free shares that vest within 60 days of December 31, 2019 and shares subject to warrants currently exercisable or exercisable within 60 days of December 31, 2019 are deemed to be outstanding for computing the percentage ownership of the person holding these free shares and warrants and the percentage ownership of any group of which the holder is a member, but are not deemed outstanding for computing the percentage of any other person.

Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares shown that they beneficially own, subject to community

property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Exchange Act.

Our calculation of the percentage of beneficial ownership is based on 17,940,035 of our ordinary shares (including ordinary shares in the form of ADSs) outstanding as of December 31, 2019. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o ERYTECH Pharma S.A., 60 Avenue Rockefeller, 69008 Lyon, France.

NAME OF BENEFICIAL OWNER	NUMBER OF ORDINARY SHARES BENEFICIALLY OWNED	PERCENTAGE OF ORDINARY SHARES BENEFICIALLY OWNED
5% Shareholders:		
BVF Partners LP (1)	4,547,662	25.3%
RA Capital Management LLC(2)	2,000,000	11.1%
Auriga Ventures III FCPR (3)	1,147,522	6.4%
Directors and Executive Officers:		
Gil Beyen (4)	140,176	*
Eric Soyer (5)	20,773	*
Jean-Sébastien Cleiftie(6)	14,554	*
Iman El-Hariry (7)	72,499	*
Alexander Scheer(8)	2,476	*
Jérôme Bailly (9)	28,053	*
Jean-Paul Kress	—	—
Galenos SPRL (10)	27,671	*
Philippe Archinard (11)	30,800	*
Luc Dochez (12)	29,170	*
Martine Ortin George (13)	32,671	*
Hilde Windels BV (13)	32,671	*
All directors and executive officers as a group (12 persons) (14)	431,514	2.4%

* Represents beneficial ownership of less than 1%.

(1) The address of BVF Partners LP. is One Sansome Street, 30th Floor, San Francisco, California 94104. Mark Lampert is the General Partner of BVF Partners LP and may be deemed to be beneficial owner of securities of the company directly held by BVF Partners LP., and may be deemed to have the power to vote or direct the vote of and the power to dispose or direct the disposition of such securities. Mark Lampert disclaims beneficial ownership of the securities held directly by BVF Partners LP., except to the extent of his pecuniary interest.

(2) The address of RA Capital Management LLC is 20 Park Plaza, Suite 1200, Boston, Massachusetts 02116. Mr. Peter Kolchinsky is the Managing Director and may be deemed to be beneficial owner of securities of the company directly held by RA Capital Management LLC, and may be deemed to have the power to vote or direct the vote of and the power to dispose or direct the disposition of such securities. Mr. Peter Kolchinsky disclaims beneficial ownership of the securities held directly by RA Capital Management LLC, except to the extent of his pecuniary interest.

(3) Jacques Chatain, Bernard Daugeras and Patrick Bamas are managers of Auriga Ventures III FCPR, or Auriga, and exercise voting and investment power with respect to shares held by Auriga. The managers disclaim beneficial ownership of all shares held by Auriga. The address of Auriga is c/o Auriga Partners, 18 avenue Matignon 75008 Paris, France.

(4) Consists of 1,546 ordinary shares and 138,630 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2019.

(5) Consists of 773 ordinary shares and 20,000 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2019.

(6) Consists of 1,054 ordinary shares and 13,500 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2019.

(7) Consists of 72,499 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2019.

(8) Consists of 2,476 ordinary shares. Alexander Scheer notified us that he will be resigning from the position of Chief Scientific Officer effective April 30, 2020.

(9) Consists of 1,053 ordinary shares and 27,000 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2019.

(10) Consists of one ordinary share and 27,670 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2019.

(11) Consists of 10,300 ordinary shares and 20,500 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2019.

(12) Consists of 29,170 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2019

(13) Consists of one ordinary share and 32,670 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2019.
(14) Consists of 17,205 ordinary shares and 414,309 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2019.

None of our principal shareholders have voting rights different than our other shareholders.

As of December 31, 2019, we estimate that approximately 40% of our outstanding ordinary shares (including ordinary shares in the form of ADSs) were held in the United States by approximately 26 holders of record including Bank of New York Mellon, the nominee of the Depositary Trust Company, which held approximately 9.58% of our outstanding ordinary shares as of said date. The actual number of holders is greater than these numbers of record holders and includes beneficial owners whose ordinary shares or ADSs are held in street name by brokers and other nominees. This number of holders of record also does not include holders whose shares may be held in trust by other entities.

B. Related Party Transactions.

Since January 1, 2019, we have engaged in the following transactions with our directors, executive officers and holders of more than five percent (5%) of our outstanding voting securities and their affiliates, which we refer to as our related parties.

Agreements with Our Directors and Executive Officers

Severance Pay

On May 24, 2013, the board of directors approved terms for severance pay to be awarded under certain conditions to our then-executive officers, which included Gil Beyen, our Chief Executive Officer. The agreement provides that, in the event of expiration of the executive's term of office (except where renewal is rejected by the executive) or in the event of revocation (unless the executive has been revoked for gross negligence or willful misconduct as that term is defined by the labor chamber of the French Supreme Court), the executive is entitled to severance equal to 12 times the average of monthly remuneration (bonuses included) received during the 12 months preceding the revocation decision or the expiration of the executive's term of office. The payment of the compensation shall be subject to the performance of the following conditions: (i) respect of our company's budget and expenditures and (ii) at least one of the following conditions: (a) an agreement of collaboration or a current license, and (b) one product in an active phase of clinical development by the company. No related expense has been recorded to date.

Executive Employment Agreement with Gil Beyen

Effective April 1, 2019, our U.S. subsidiary, ERYTECH Pharma, Inc., entered into an executive employment agreement with Mr. Beyen, or the Executive Employment Agreement, that provides for the terms of his employment and compensation as President of ERYTECH Pharma, Inc., including an annual base salary and variable compensation in an amount up to 50% of his base salary, based upon achievement of specified performance objectives. The Executive Employment Agreement also provides for severance pay in specified situations. In the event of Mr. Beyen's termination without "cause," he will be entitled to an amount equal to 12 times the average of monthly remuneration (bonuses included) received during the 12 months preceding his termination, subject to certain specified performance conditions. Mr. Beyen will also be entitled to these severance benefits (with no duplication) if Mr. Beyen is terminated without "cause" or resigns for "good reason" within 12 months following a change of control of our company. Any severance payments paid to Mr. Beyen under the Executive Employment Agreement are conditioned on Mr. Beyen executing a release. Pursuant to an Employee Confidential Information and Invention Assignment Agreement attached to his Executive Employment Agreement, upon voluntary termination or termination for "cause," for a period of 12 months, Mr. Beyen cannot seek employment in any business in which we are engaged or plans to be engaged, or service that we provide or have plans to provide.

Employment Agreements with Eric Soyer, Jean-Sebastien Cleiftie and Alexander Scheer

In September 2015, October 2016 and November 2016, respectively, we entered into employment agreements with Messrs. Soyer, Cleiftie and Scheer. Each employment agreement provides for an annual base salary and variable compensation in amounts ranging from 30% to 35% of the executive's current base salaries, based upon achievement of specified performance objectives. These employment agreements also provide for severance pay in specified situations. In the event of the executive's termination in the absence of gross negligence or willful misconduct, the executive will be entitled to an amount equal to six months' base salary, plus an additional three months' base salary for each full year such executive has worked for us, up to a maximum of 12 months' base salary in total, including any additional indemnity as provided for by French law. In connection with a change of control of our company, if the executive is terminated in the absence of gross negligence or willful misconduct or resigns pursuant to suffering a diminution of the executive's job duties, or in the event of a mutually agreed termination (*rupture conventionnelle*) under French law, such executive will be entitled to an amount equal to 12 times the average of monthly remuneration, including bonuses, received during the 12 months preceding the termination. If a change of control of our company occurs within 24 months of the granting of bonus shares,

such executive will be entitled to an amount intended to compensate for the potential loss of compensation in the event of cancellation of bonus shares granted or for the potential loss of favorable tax treatment in the event of the sale of such shares, in the context of this change of control. These agreements also provide for a 12-month non-compete clause (18 months in the case of Mr. Soyer), whereby the executive is entitled to an amount equal to 33% of his average monthly remuneration over the last three months (12 months in the case of Mr. Soyer).

Employment Agreement with Iman El-Hariry

In June 2015, our U.S. subsidiary, ERYTECH Pharma, Inc., entered into an employment agreement with Dr. El-Hariry that provides for an annual base salary and variable compensation in an amount up to 35% of her base salary, based upon achievement of specified performance objectives. This variable amount was increased from 35% to 40% of her base salary in January 2019. The agreement also provides for severance pay in specified situations. In the event of Dr. El-Hariry's termination without cause (as defined in Dr. El-Hariry's employment agreement), she will be entitled to an amount equal to six months' base salary, plus an additional three months' base salary for each full year she has worked for us, up to a maximum of 12 months' base salary in total. If Dr. El-Hariry resigns as a result of (i) a diminution of her job duties, (ii) a change in reporting or (iii) a relocation, she will be entitled to an amount up to 12 months' base salary compensation depending upon the length of her employment with us. In connection with a change of control, if Dr. El-Hariry is terminated within 12 months (a) by us, (b) by mutual agreement or (c) by her decision to resign after receiving an offer that is not at least equivalent to her position prior to the change in control, she will be entitled to a lump sum payment equal to one year's salary plus bonus (under the condition that she would not be eligible for the other severance benefits described above). Upon termination for any reason, our company may request Dr. El-Hariry to execute a non-competition agreement for a period of 12 months, whereby Dr. El-Hariry will be entitled to severance pay.

Employment Agreement with Jérôme Bailly

In January 2007, we entered into an employment agreement with Dr. Bailly, which was amended as of January 2018. He is entitled to an annual base salary set at €170,000, and variable compensation, in an amount up to 25% of his base salary, upon achievement of specified performance objectives. This variable amount was increased from 25% to 30% of his base salary in January 2019. If a change of control of our company occurs within 24 months of the granting of bonus shares, Dr. Bailly will be entitled to an amount intended to compensate for the potential loss of compensation in the event of cancellation of bonus shares granted or for the potential loss of favorable tax treatment in the event of the sale of such shares.

Other Arrangements

We have entered into other compensatory arrangements with our executive officers, which have been ratified by our board of directors. The primary arrangements are summarized in the table below.

NAME	TAX ASSISTANCE	TRAINING
Gil Beyen	X	
Jérôme Bailly		X

Director and Executive Officer Compensation

See "Item 6.B—Compensation" for information regarding compensation of directors and executive officers.

Equity Awards

Since December 31, 2019, we allocated on February 25, 2020:

- 41,950 SOP_{2019} options under the 2019 Stock Option Plan to certain employees: and
- 50,037 AGA_{2019} free shares under the 2019 Free Share Plan to certain of our officers.

See "Item. 7A—Major Shareholders" for information regarding equity awards to our executive officers.

Bonus Plans

All our executive officers are entitled to a bonus ranging between 25% and 50% based on yearly objectives determined by our board of directors upon recommendation of our remuneration and appointments committee.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. See "Item. 6B—Limitations on Liability and Indemnification Matters."

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Related-Party Transactions Policy

We comply with French law regarding approval of transactions with related parties. We have adopted a related person transaction policy that sets forth our procedures for the identification, review, consideration and approval or ratification of related person transactions. The policy became effective in November 2017 upon the closing of our global offering and was subsequently amended in March 2020 to meet the new French law requirements arising from Law no. 2019-486 of May 22, 2019 (*Pacte law*) as described below.

For purposes of our policy only, a related person transaction is defined as (i) any transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any related person are, were or will be participants in and the amount involved exceeds $120,000, or (ii) any agreement or similar transaction under French law which falls within the scope of Article L. 225-38 of the French Commercial Code. A related person is any executive officer, director or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons. Article L. 225-38 of the French Commercial Code covers any agreement or similar transaction entered into directly or indirectly between (i) the company and a corporate officer, a director, a shareholder holding more than 10% of the company's voting rights or, if such shareholder is a corporate entity, its controlling shareholder within the meaning of Article L. 233-3 of the French Commercial Code or between (ii) the company and another firm if a corporate officer or director of the company is the owner, a fully liable shareholder, a corporate officer, a director or a member of that other firm's supervisory board or, more generally, a person in any way involved in its management.

Under the policy, if a transaction has been identified as a related person transaction, including any transaction that was not a related person transaction when originally consummated or any transaction that was not initially identified as a related person transaction prior to consummation, our management must present information regarding the related person transaction to our board of directors for review, consideration and approval or ratification. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related persons, the benefits to us of the transaction and whether the transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally. Under the policy, we will collect information that we deem reasonably necessary from each director, executive officer and, to the extent feasible, significant shareholder to enable us to identify any existing or potential related-person transactions and to effectuate the terms of the policy. Our General Counsel will conduct an assessment of our related person transactions, notably to determine whether such transactions relate to current operations and entered into under normal conditions (*portant sur des opérations courantes et conclues à des conditions normales*), which will be monitored at least annually by our audit committee.

In addition, under our Code of Business Conduct and Ethics, our employees and directors have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

In considering related person transactions, our board of directors will take into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on a director's independence in the event that the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties or to or from employees generally.

The policy requires that, in determining whether to approve, ratify or reject a related person transaction, our board of directors must consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, our best interests and those of our shareholders, as our board of directors determines in the good faith exercise of its discretion.

C. Interests of Experts and Counsel.

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information.

Consolidated Financial Statements

Our consolidated financial statements are included as part of this Annual Report, starting at page F-1.

Dividend Distribution Policy

We have never declared or paid any cash dividends on our ordinary shares. We do not anticipate paying cash dividends on our equity securities in the foreseeable future and intend to retain all available funds and any future earnings for use in the operation and expansion of our business, given our state of development.

Subject to the requirements of French law and our bylaws, dividends may only be distributed from our distributable profits, plus any amounts held in our available reserves which are reserves other than legal and statutory and revaluation surplus. See "Item 10. B—Memorandum and Articles of Association" for further details on the limitations on our ability to declare and pay dividends. Dividend distributions, if any in the future, will be made in euros and converted into U.S. dollars with respect to the ADSs, as provided in the amended and restated deposit agreement.

Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

B. Significant Changes.

Not applicable.

Item 9. The Offer and Listing.

A. Offer and Listing Details.

Our ADSs have been listed on the Nasdaq Global Select Market under the symbol "ERYP" since November 10, 2017. Our ordinary shares have been trading on Euronext Paris under the symbol "ERYP" since May 7, 2013.

B. Plan of Distribution.

Not applicable.

C. Markets.

Our ADSs have been listed on Nasdaq under the symbol "ERYP" since November 10, 2017. Our ordinary shares have been listed on Euronext Paris under the symbol "ERYP" since May 7, 2013.

D. Selling Shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the Issue.

Not applicable.

Item 10. Additional Information.

A. Share Capital.

Not applicable.

B. Memorandum and Articles of Association.

Key Provisions of Our Bylaws and French Law Affecting Our Ordinary Shares

The description below reflects a summary of the key terms of our bylaws and summarizes the material rights of holders of our ordinary shares under French law. Please note that this is only a summary and is not intended to be exhaustive. For further information, please refer to the full text of our bylaws, a copy of which has been filed as an exhibit to our Annual Report on Form 20-F.

Corporate Purpose (Article 3 of the Bylaws)

Our corporate purpose in France and abroad includes the research, manufacturing, importation, distribution and marketing of investigational drugs, devices and medical equipment, and the provision of advisory services associated with these activities. We are authorized to engage in all financial, commercial, industrial, civil, property or security-related transactions that directly or indirectly relate to accomplishing the purposes stated above.

Our company may act directly or indirectly and do all these operations in all countries, for or on behalf of third parties, either alone or with partnership with third parties, association, group or creation of new companies, contribution, sponsorship, subscription, purchase of shares or rights, mergers, alliances, undeclared partnership or taking or giving in lease or in management of all property and rights or otherwise.

Directors (Articles 17-22 of the Bylaws)

Duties of the Board. Except for powers given to our shareholders by law and within the limit of the corporate purpose, our board of directors is responsible for all matters relating to the successful operations of our company and, through its resolutions, governs matters involving the company.

Appointment and Term. Our board of directors must be composed of at least three members, but may not exceed 18 members, subject to the dispensation established by law in the event of merger. In appointing and electing directors, we seek a balanced representation of women and men. The term of a director is 3 years, and directors may be re-elected at our annual ordinary share meetings; however, a director over the age of 75 may not be appointed if such appointment would result in the number of directors over the age of 75 constituting more than one-third of the board. The number of directors who are also our employees cannot exceed one-third of the board. Directors may be natural persons or legal entities except for the chairman of the board who must be a natural person. Legal entities appointed to the board must designate a permanent representative. If a director dies or resigns between annual meetings, the board may appoint a temporary director to fill the vacancy, subject to ratification at the next ordinary general meeting, or, if such vacancy results in a number of directors below three, the board must call an ordinary general meeting to fill the vacancy. If a director is absent at more than four consecutive meetings, he or she will be deemed to have automatically resigned.

Organization. The board must elect a chairman from among the board members. The chairman must be a natural person, age 75 or younger, and may be removed by the board at any time. The board may also elect a natural person as vice president to preside in the chairman's absence and may designate up to two non-voting board observers.

Deliberations. At least half of the number of directors in office must be present to constitute a quorum. Decisions are made by a majority of the directors present or represented and, if there is a tie, the vote of the chairman will carry the decision. Meetings may be held as often as required; however, the chairman is required to call a meeting with a determined agenda upon the request of at least one-third of the directors if the board has not met for more than two months. French law and our charter and bylaws allow directors to attend meetings in person or, to the extent permitted by applicable law and with specified exceptions in our bylaws, by videoconference or other telecommunications arrangements.

Directors' Voting Powers on Proposal, Arrangement or Contract in which any Director is Materially Interested. Under French law, any agreement entered into, directly or through an intermediary, between us and any director that is not entered into in the ordinary course of our business and upon standard market terms is subject to the prior authorization of the board of directors. The interested director cannot vote on such decision. The same provision applies to agreements between us and another company, except where such company is our wholly owned subsidiary, if one of our directors is the owner or a general partner, manager, director, general manager or member of the executive or supervisory board of the other company, as well as to agreements in which one of our directors has an indirect interest.

Directors' Compensation. Director compensation is determined at the annual ordinary general meeting. The general meeting may allocate an annual fixed sum and the board of directors allocates this sum among its members as it sees fit. In addition, the Board of directors may allocate exceptional compensation (*rémunération exceptionnelle*) for missions or mandates entrusted to its members, for example as member or chair of one or more board committees, this remuneration is subject to the provisions regarding related-parties agreements. At our combined general meetings of shareholders held on June 27, 2017, June 28, 2018 and June 21, 2019, shareholders set the total annual compensation to be distributed among non-employee directors at €280 thousand for 2017 and 2018, respectively, and €400 thousand for 2019.

Board of Directors' Borrowing Powers. There are currently no limits imposed on the amounts of loans or borrowings that the board of directors may approve.

Directors' Share Ownership Requirements. Our directors are not required to own any of our shares.

Rights, Preferences and Restrictions Attaching to Ordinary Shares (Articles 9, 16, 30, 33 and 34 of the Bylaws)

Dividends. We may only distribute dividends out of our distributable profits, plus any amounts held in our reserves that the shareholders decide to make available for distribution, other than those reserves that are specifically required by law.

"Distributable Profits" consist of our statutory net profit in each fiscal year, calculated in accordance with accounting standards applicable in France, as increased or reduced by any profit or loss carried forward from prior years, less any contributions to the reserve accounts pursuant to French law.

Legal Reserve. Pursuant to French law, we must allocate 5% of our statutory net profit for each year to our legal reserve fund before dividends may be paid with respect to that year. Funds must be allocated until the amount in the legal reserve is equal to 10% of the aggregate par value of the issued and outstanding share capital.

Approval of Dividends. Pursuant to French law, our board of directors may propose a dividend for approval by the shareholders at the annual ordinary general meeting.

Upon recommendation of our board of directors, our shareholders may decide to allocate all or part of any distributable profits to special or general reserves, to carry them forward to the next fiscal year as retained earnings or to allocate them to the shareholders as dividends. However, dividends may not be distributed when our net assets are or would become as a result of such distribution lower than the amount of the share capital plus the amount of the legal reserves which, under French law, may not be distributed to shareholders. The amount of our share capital plus the amount of our legal reserves which may not be distributed was equal to €121,075,399.50 at June 21, 2019.

Our board of directors may distribute interim dividends after the end of the fiscal year but before the approval of the financial statements for the relevant fiscal year when the interim balance sheet, established during such year and certified by an auditor, reflects that we have earned distributable profits since the close of the last financial year, after recognizing the necessary depreciation and provisions and after deducting prior losses, if any, and the sums to be allocated to reserves, as required by law or the bylaws, and including any retained earnings. The amount of such interim dividends may not exceed the amount of the profit so defined.

Pursuant to French legislation, if a dividend is declared we may be required to pay a dividend tax in an amount equal to 3% of the aggregate dividend paid by us. However, the European Court of Justice, or ECJ, has ruled that the 3% dividend tax may not be applied to redistribution of dividends we receive from our subsidiaries established in another Member State of the EU, in that it creates double taxation of profits made within the EU as prohibited by Article 9 of the Parent-Subsidiary directive (ECJ, 1st ch. May 17, 2017, case C-365/16 AFEP).

Distribution of Dividends. Dividends are distributed to shareholders *pro rata* according to their respective holdings of shares. In the case of interim dividends, distributions are made to shareholders on the date set by our board of directors during the meeting in which the distribution of interim dividends is approved. The actual dividend payment date is decided by the shareholders at an ordinary general shareholders' meeting or by our board of directors in the absence of such a decision by the shareholders. Shareholders that own shares on the actual payment date are entitled to the dividend.

Shareholders may be granted an option to receive dividends in cash or in shares, in accordance with legal conditions. The conditions for payment of dividends in cash shall be set at the shareholders' meeting or, failing this, by the board of directors.

Timing of Payment. Pursuant to French law, dividends must be paid within a maximum of nine months after the close of the relevant fiscal year, unless extended by court order. Dividends not claimed within five years after the payment date shall be deemed to expire and revert to the French state.

Voting Rights. Each share shall entitle its holder to vote and be represented in the shareholders' meetings in accordance with the provisions of French law and of our bylaws. Ownership of one share implies, ipso jure, adherence to our bylaws and the decisions of the shareholders' meeting.

In general, each shareholder is entitled to one vote per share at any general shareholders' meeting. Pursuant to our bylaws, however, a double voting right is attached to each registered share which is held in the name of the same shareholder for at least two years.

Under French law, treasury shares or shares held by entities controlled by us are not entitled to voting rights and do not count for quorum purposes.

Rights to Share in Our Profit. Each share entitles its holder to a portion of the corporate profits and assets proportional to the amount of share capital represented thereby.

Rights to Share in the Surplus in the Event of Liquidation. If we are liquidated, any assets remaining after payment of the debts, liquidation expenses and all of the remaining obligations will first be used to repay in full the par value of our shares. Any surplus will be distributed pro rata among shareholders in proportion to the number of shares respectively held by them, taking into account, where applicable, of the rights attached to shares of different classes.

Repurchase and Redemption of Shares. Under French law, we may acquire our own shares. Such acquisition may be challenged on the ground of market abuse regulations. However, Regulation 596/2014 of April 16, 2014 and its delegated regulations, or MAR, provides for safe harbor exemptions when the acquisition is made (i) under a buy-back program to be authorized by the shareholders in accordance with the provisions of Article L. 225-209 of the French Commercial Code and with the General Regulations of the French Financial Markets Authority, or AMF and (ii) for one of the following purposes:

- to decrease our share capital, provided that such a decision is not driven by losses and that a purchase offer is made to all shareholders on a pro rata basis, with the approval of the shareholders at an extraordinary general shareholders' meeting; in this case, the shares repurchased must be cancelled within one month from the expiry of the purchase offer;
- to meet obligations arising from debt securities that are exchangeable into equity instruments;
- to provide shares for distribution to employees or managers under a profit-sharing, free share or share option plan; in this case the shares repurchased must be distributed within 12 months from their repurchase failing which they must be cancelled; or
- under a buy-back program to be authorized by the shareholders in strict compliance of market manipulation and insider dealing rules and in accordance with provisions of Article L. 225-209 of the French Commercial Code and in accordance with the general regulations of, and market practices accepted by the AMF.

Under MAR and in accordance with the General Regulations of the AMF, a corporation shall report to the competent authority of the trading value on which the shares have been admitted to trading or are traded, no later than by the end of the seventh daily market session following the date of the execution of the transaction, all the transactions relating to the buy-back program, in a detailed form and in an aggregated form.

No such repurchase of shares may result in us holding, directly or through a person acting on our behalf, more than 10% of our issued share capital. Shares repurchased by us continue to be deemed "issued" under French law but are not entitled to dividends or voting rights so long as we hold them directly or indirectly, and we may not exercise the preemptive rights attached to them.

Sinking Fund Provisions. Our bylaws do not provide for any sinking fund provisions.

Liability to Further Capital Calls. Shareholders are liable for corporate liabilities only up to the par value of the shares they hold; they are not liable to further capital calls.

Requirements for Holdings Exceeding Certain Percentages. None, except as described below under the sections of this Annual Report titled "Declaration of Crossing of Ownership Thresholds (Article 9 of the Bylaws)" and "Form, Holding and Transfer of Shares (Articles 13 and 15 of the Bylaws)—Ownership of Shares by Non-French Persons."

Actions Necessary to Modify Shareholders' Rights

Shareholders' rights may be modified as allowed by French law. Only the extraordinary general shareholders' meeting is authorized to amend any and all provisions of our bylaws. It may not, however, increase shareholder commitments without the prior approval of each shareholder.

Special Voting Rights of Warrant Holders

Under French law, the holders of warrants of the same class (i.e., warrants that were issued at the same time and with the same rights), including founder's warrants, are entitled to vote as a separate class at a general meeting of that class of warrant holders under certain

circumstances, principally in connection with any proposed modification of the terms and conditions of the class of warrants or any proposed issuance of preferred shares or any modification of the rights of any outstanding class or series of preferred shares.

Rules for Admission to and Calling Annual Shareholders' Meetings and Extraordinary Shareholders' Meetings (Section IV of the Bylaws)

Access to, Participation in and Voting Rights at Shareholders' Meetings. Shareholders' meetings are composed of all shareholders, regardless of the number of shares they hold. Each shareholder has the right to attend the meetings and participate in the discussions (1) personally; (2) by granting proxy to any individual or legal entity of his choosing; (3) by sending a proxy to the company without indication of the mandate; (4) by voting by correspondence; or (5) at the option of the board of directors at the time the meeting is called, by videoconference or another means of telecommunication, including internet, in accordance with applicable laws that allow identification. The board of directors organizes, in accordance with legal and regulatory requirements, the participation and vote of these shareholders at the meeting, assuring, in particular, the effectiveness of the means of identification.

Participation in shareholders' general meetings, in any form whatsoever, is subject to registration or registration of shares under the conditions and time limits provided for applicable laws.

The final date for returning voting ballots by correspondence is set by the board of directors and disclosed in the notice of meeting published in the French Journal of Mandatory Statutory Notices, or BALO *(Bulletin des Annonces Légales Obligatoires)*. This date cannot be earlier than three days prior to the meeting unless otherwise provided in the bylaws. Our bylaws provide that the board of directors has the option to accept the voting ballots by correspondence beyond the limit set by applicable laws.

A shareholder who has voted by correspondence will no longer be able to participate directly in the meeting or to be represented. In the case of returning the proxy form and the voting by correspondence form, the proxy form is taken into account, subject to the votes cast in the voting by correspondence form.

A shareholder may be represented at meetings by any individual or legal entity by means of a proxy form which we send to such shareholder either at the shareholder's request or at our initiative. A shareholder's request for a proxy form must be received at the registered office at least five days before the date of the meeting. The proxy is only valid for a single meeting or for successive meetings convened with the same agenda. It can also be granted for two meetings, one ordinary, and the other extraordinary, held on the same day or within a period of fifteen days.

A shareholder may vote by correspondence by means of a voting form, which we send to such shareholder either at the shareholder's request or at our initiative, or which we include in an appendix to a proxy voting form under the conditions provided for by current laws and requirements. A shareholder's request for a voting form must be received at the registered office at least six days before the date of the meeting. The voting form is also available on our website at least 21 days before the date of the meeting. The voting form must be recorded by us three days prior to the shareholders' meeting, in order to be taken into consideration. The voting by correspondence form addressed by a shareholder is only valid for a single meeting or for successive meetings convened with the same agenda.

To better understand the voting rights of the ADSs, you should carefully read the section in this prospectus titled "Description of American Depositary Shares—Voting Rights."

Notice of Annual Shareholders' Meetings. Shareholders' meetings are convened by our board of directors, or, failing that, by the statutory auditors, or by a court appointed agent or liquidator in certain circumstances. Meetings are held at our registered offices or at any other location indicated in the meeting announcement (*avis de réunion*). A meeting announcement is published in the BALO at least 35 days prior to a meeting, as well as on our website at least 21 days prior to the meeting. In addition to the particulars relative to the company, it indicates, notably, the meeting's agenda and the draft resolutions that will be presented. The requests for recording of issues or draft resolutions on the agenda must be addressed to the company under the conditions provided for in the current legislation.

Subject to special legal provisions, the convening notice (*avis de convocation*) is sent out at least 15 days prior to the date of the meeting, by means of a notice inserted both in a legal announcement bulletin of the registered office department and in the BALO. Further, the holders of registered shares for at least a month at the time of the latest of the insertions of the convening notice shall be summoned individually, by regular letter (or by registered letter if they request it and include an advance of expenses) sent to their last known address. This notice may also be transmitted by electronic means of telecommunication, in lieu of any such mailing, to any shareholder requesting it beforehand by registered letter with acknowledgment of receipt in accordance with legal and regulatory requirements, specifying his e-mail address. The latter may at any time expressly request by registered letter to the Company with acknowledgment of receipt that the aforementioned means of telecommunication should be replaced in the future by a mailing.

The convening notice must also indicate the conditions under which the shareholders may vote by correspondence and the places and conditions in which they can obtain voting forms by mail.

The convening notice may be addressed, where appropriate, with a proxy form and a voting by correspondence form, under the conditions specified in our bylaws, or with a voting by correspondence form alone, under the conditions specified in our bylaws. When the shareholders' meeting cannot deliberate due to the lack of the required quorum, the second meeting must be called at least ten days in advance in the same manner as used for the first notice.

Agenda and Conduct of Annual Shareholders' Meetings. The agenda of the shareholders' meeting shall appear in the convening notice of the meeting and is set by the author of the notice. The shareholders' meeting may only deliberate on the items on the agenda except for the removal of directors and the appointment of their successors which may be put to vote by any shareholder during any shareholders' meeting. Pursuant to French law and our current share capital, one or more shareholders representing 5% of our share capital may request the inclusion of items or proposed resolutions on the agenda. Such request must be received at the latest on the 25th day preceding the date of the shareholders' meeting, and in any event no later than the 20th day following the date of the shareholders' meeting announcement.

Shareholders' meetings shall be chaired by the Chairman of the board of directors or, in his or her absence, by a Deputy Chairman or by a director elected for this purpose. Failing that, the meeting itself shall elect a Chairman. Vote counting shall be performed by the two members of the meeting who are present and accept such duties, who represent, either on their own behalf or as proxies, the greatest number of votes.

Ordinary Shareholders' Meeting. Ordinary shareholders' meetings are those meetings called to make any and all decisions that do not amend our bylaws. An ordinary meeting shall be convened at least once a year within six months of the end of each fiscal year in order to approve the annual and consolidated accounts for the relevant fiscal year or, in case of postponement, within the period established by court order. Upon first notice, the meeting may validly deliberate only if the shareholders present or represented by proxy or voting by mail represent at least one-fifth of the shares entitled to vote. Upon second notice, no quorum is required. As the date of the filing of this Annual Report, decisions are made by a majority of the votes held by the shareholders present, or represented by proxy, or voting by mail. Abstentions will have the same effect of a "no" vote. As from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019, decisions will be made by a majority of the votes cast by the shareholders present, represented by proxy, or voting by mail. The votes cast will not include those attached to shares for which the shareholder did not participate in the vote, abstained or voted blank or void. In addition, pursuant to a recent AMF recommendation, French listed companies may be required to conduct a consultation of the ordinary shareholders meeting prior to the disposal of the majority of their assets, under certain circumstances.

Extraordinary Shareholders' Meeting. Our bylaws may only be amended by approval at an extraordinary general shareholders' meeting. Our bylaws may not, however, be amended to increase shareholder commitments without the approval of each shareholder. Subject to the legal provisions governing share capital increases from reserves, profits or share premiums, the resolutions of the extraordinary general shareholders' meeting shall be valid only if the shareholders present, represented by proxy or voting by mail represent at least one-fourth of all shares entitled to vote upon first notice, or one-fifth upon second notice. If the latter quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was initially called. As the date of the filing of this Annual Report ,decisions are made by a two-thirds majority of the votes held by the shareholders present, represented by proxy, or voting by mail. Abstentions will have the same effect of a "no" vote. As from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019, decisions will be made by a majority of the votes cast by the shareholders present, represented by proxy, or voting by mail. The votes cast will not include those attached to shares for which the shareholder did not participate in the vote, abstained or voted blank or void.

Provisions Having the Effect of Delaying, Deferring or Preventing a Change in Control of Our Company

Provisions contained in our bylaws and French corporate law could make it more difficult for a third-party to acquire us, even if doing so might be beneficial to our shareholders. These provisions include the following:

- under French law, the owner of 90% of the share capital or voting rights of a public company listed on a regulated market in a Member State of the European Union or in a state party to the EEA Agreement, including from the main French Stock Exchange, has the right to force out minority shareholders following a tender offer made to all shareholders;
- under French law, a non-resident of France as well as any French entity controlled by non-residents of France may have to file a declaration for statistical purposes with the Bank of France (*Banque de France*) within 20 working days following the date of certain direct foreign investments in us, including any purchase of our ADSs. In particular, such filings are required in connection with investments exceeding €15,000,000 that lead to the acquisition of at least 10% of our share capital or voting rights or cross such 10% threshold. See "Limitations Affecting Shareholders of a French Company;".
- under French law, certain investments in a French company relating to certain strategic industries by individuals or entities not residents in a Member State of the European Union are subject to prior authorization of the Ministry of Economy pursuant to Law n°2019-486 (and as from April 1, 2020 pursuant to the decree n°2019-1590). See "Limitations Affecting Shareholders of a French Company;"

- a merger (i.e., in a French law context, a share for share exchange following which our company would be dissolved without being liquidated into the acquiring entity and our shareholders would become shareholders of the acquiring entity) of our company into a company incorporated in the European Union would require the approval of our board of directors as well as a two-thirds majority of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by the shareholders present, represented by proxy or voting by mail at the relevant meeting;
- a merger of our company into a company incorporated outside of the European Union would require the unanimous approval of our shareholders;
- under French law, a cash merger is treated as a share purchase and would require the consent of each participating shareholder;
- our shareholders have granted and may grant in the future our board of directors broad authorizations to increase our share capital or to issue additional ordinary shares or other securities, such as warrants, to our shareholders, the public or qualified investors, including as a possible defense following the launching of a tender offer for our shares;
- our shareholders have preferential subscription rights on a *pro rata* basis on the future issuance by us of any additional securities for cash or a set-off of cash debts, which rights may only be waived by the extraordinary general shareholders' meeting (by a two-thirds majority vote) of our shareholders or on an individual basis by each shareholder;
- our board of directors has the right to appoint directors to fill a vacancy created by the resignation or death of a director, for the remaining duration of such director's term of office and subject to the approval by the shareholders of such appointment at the next shareholders' meeting, which prevents shareholders from having the sole right to fill vacancies on our board of directors;
- our board of directors can be convened by our chairman or our managing director, if any, or, when no board meeting has been held for more than two consecutive months, by directors representing at least one third of the total number of directors;
- our board of directors meetings can only be regularly held if at least half of the directors attend either physically or by way of videoconference or teleconference enabling the directors' identification and ensuring their effective participation in the board's decisions;
- our shares are nominative or bearer, if the legislation so permits, according to the shareholder's choice;
- approval of at least a majority of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by shareholders present, represented by a proxy, or voting by mail at the relevant ordinary shareholders' general meeting is required to remove directors with or without cause;
- advance notice is required for nominations to the board of directors or for proposing matters to be acted upon at a shareholders' meeting, except that a vote to remove and replace a director can be proposed at any shareholders' meeting without notice;
- our bylaws can be changed in accordance with applicable laws;
- the crossing of certain thresholds has to be disclosed and can impose certain obligations; see the section of this prospectus titled "Declaration of Crossing of Ownership Thresholds (Article 9 of the Bylaws)";
- transfers of shares shall comply with applicable insider trading rules and regulations, and in particular with the Market Abuse Directive and Regulation dated April 16, 2014; and
- pursuant to French law, the sections of the bylaws relating to the number of directors and election and removal of a director from office may only be modified by a resolution adopted by two-thirds of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by our shareholders present, represented by a proxy or voting by mail at the meeting.

Declaration of Crossing of Ownership Thresholds (Article 9 of the Bylaws)

Set forth below is a summary of certain provisions of the French Commercial Code applicable to us. This summary is not intended to be a complete description of applicable rules under French law.

Any individual or legal entity referred to in Articles L. 233-7, L. 233-9 and L. 223-10 of the French Commercial Code coming to directly or indirectly own, or cease to own, alone or in concert, a number of shares representing a fraction of the Company's capital or voting rights greater or equal to 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% and 95% shall inform the Company as well as the French Financial Market Authority (AMF) of the total number of shares and voting rights and of securities giving access to the capital or voting rights that it owns immediately or over time within a period of four trading days from the crossing of the said holding thresholds.

This obligation applies when crossing each of the above-mentioned thresholds in a downward direction.

In case of failure to declare shares or voting rights exceeding the fraction that should have been declared, such shares shall be deprived of voting rights at General Meetings of Shareholders for any meeting that would be held until the expiry of a period of two years from the date of regularization of the notification in accordance with Article L. 233-14 of the French Commercial Code.

In addition, any shareholder crossing, alone or acting in concert, the 10%, 15%, 20% or 25% threshold shall file a declaration with the AMF pursuant to which it shall expose its intention over the following 6 months, including notably whether it intends to continue acquiring shares of the company, it intends to acquire control over the company, its intended strategy for the company.

Further, and subject to certain exemptions, any shareholder crossing, alone or acting in concert, the 30% threshold shall file a mandatory public tender offer with the AMF. Also, any shareholder holding directly or indirectly a number between 30% and 50% of the capital or voting rights and who, in less than 12 consecutive months, increases his/her/its holding of capital or voting rights by at least 1% company's capital or voting rights, shall file a mandatory public tender offer.

Changes in Share Capital

Increases in Share Capital (Article 10 of the Bylaws). Pursuant to French law, our share capital may be increased only with shareholders' approval at an extraordinary general shareholders' meeting following the recommendation of our board of directors. The shareholders may delegate to our board of directors either the authority (*délégation de compétence*) or the power (*délégation de pouvoir*) to carry out any increase in share capital.

Increases in our share capital may be effected by:

- issuing additional shares;
- increasing the par value of existing shares;
- creating a new class of equity securities; and
- exercising the rights attached to securities giving access to the share capital.

Increases in share capital by issuing additional securities may be effected through one or a combination of the following:

- in consideration for cash;
- in consideration for assets contributed in kind;
- through an exchange offer;
- by conversion of previously issued debt instruments;
- by capitalization of profits, reserves or share premium; and
- subject to certain conditions, by way of offset against debt incurred by us.

Decisions to increase the share capital through the capitalization of reserves, profits and/or share premium require shareholders' approval at an extraordinary general shareholders' meeting, acting under the quorum and majority requirements applicable to ordinary shareholders' meetings. Increases effected by an increase in the par value of shares require unanimous approval of the shareholders, unless effected by capitalization of reserves, profits or share premium. All other capital increases require shareholders' approval at an extraordinary general shareholders' meeting acting under the regular quorum and majority requirements for such meetings.

Reduction in Share Capital. Pursuant to French law, any reduction in our share capital requires shareholders' approval at an extraordinary general shareholders' meeting following the recommendation of our board of directors. The share capital may be reduced either by decreasing the par value of the outstanding shares or by reducing the number of outstanding shares. The number of outstanding shares may be reduced by the repurchase and cancellation of shares. Holders of each class of shares must be treated equally unless each affected shareholder agrees otherwise.

Preferential Subscription Right. According to French law, if we issue additional securities for cash, current shareholders will have preferential subscription rights to these securities on a *pro rata* basis. Preferential subscription rights entitle the individual or entity that holds them to subscribe *pro rata* based on the number of shares held by them to the issuance of any securities increasing, or that may result in an increase of, our share capital by means of a cash payment or a set-off of cash debts. The preferential subscription rights are transferable during the subscription period relating to a particular offering. Pursuant to recent legislation that went into effect on October 1, 2016, the preferential subscription rights will be transferable during a period starting two days prior to the opening of the subscription period and ending two days prior to the closing of the subscription period.

The preferential subscription rights with respect to any particular offering may be waived at an extraordinary general shareholders' meeting by a two-thirds vote of our shareholders or individually by each shareholder. Our board of directors and our independent auditors are required by French law to present reports to the shareholders' meeting that specifically address any proposal to waive the preferential subscription rights.

Our current shareholders waived their preferential subscription rights with respect to the global offering at our combined general shareholders' meeting held on June 21, 2019.

In the future, to the extent permitted under French law, we may seek shareholder approval to waive preferential subscription rights at an extraordinary general shareholders' meeting in order to authorize the board of directors to issue additional shares and/or other securities convertible or exchangeable into shares.

Form, Holding and Transfer of Shares (Articles 13 and 15 of the Bylaws)

Form of Shares. The shares are in registered form, until their full payment. When they are fully paid up, they may be in registered form or bearer, at the option of the shareholders.

Further, in accordance with applicable laws, we may request at any time from the central depository responsible for holding our shares, the information referred to in Article L. 228-2 of the French Commercial Code. Thus, we are, in particular and at any time, entitled to request the name and year of birth or, in the case of a legal entity, the name and the year of incorporation, nationality and address of holders of securities conferring immediate or long-term voting rights at its general meetings of shareholders and the amount of securities owned by each of them and, where applicable, the restrictions that the securities could be affected by.

Holding of Shares. In accordance with French law concerning the "dematerialization" of securities, the ownership rights of shareholders are represented by book entries instead of share certificates. Shares issued are registered in individual accounts opened by us or any authorized intermediary, in the name of each shareholder and kept according to the terms and conditions laid down by the legal and regulatory provisions.

Ownership of Shares by Non-French Persons. Neither French law nor our bylaws limit the right of non-residents of France or non-French persons to own or, where applicable, to vote our securities. However, non-residents of France may have to file an administrative notice with the French authorities in connection with certain direct or indirect investments in us, including through ownership of ADSs. In addition, acquisitions of 10% of the share capital or voting rights of a French resident company or a non-French resident company by a non-French resident or by a French resident, respectively, are subject to statistical reporting requirements to the French National Bank.

Assignment and Transfer of Shares. Shares are freely negotiable, subject to applicable legal and regulatory provisions. French law notably provides for standstill obligations and prohibition of insider trading.

Differences in Corporate Law

We are a société anonyme, or S.A., incorporated under the laws of France. The laws applicable to French sociétés anonymes differ from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain differences between the provisions of the French Commercial Code applicable to us and the Delaware General Corporation Law relating to shareholders' rights and protections. This summary is not intended to be a complete discussion of the respective rights and it is qualified in its entirety by reference to Delaware law and French law.

	FRANCE	**DELAWARE**
Number of Directors	Under French law, a *société anonyme* must have at least three and may have up to 18 directors. The number of directors is fixed by or in the manner provided in the bylaws. Since January 1, 2017, the number of directors of each gender may not be less than 40%. Any appointment made in violation of this limit that is not remedied will be null and void.	Under Delaware law, a corporation must have at least one director and the number of directors shall be fixed by or in the manner provided in the bylaws.
Director Qualifications	Under French law, a corporation may prescribe qualifications for directors under its bylaws. In addition, under French law, members of a board of directors of a corporation may be legal entities (with the exception of the chairman of the board) , and such legal entities may designate an individual to represent them and to act on their behalf at meetings of the board of directors as well as the deliberations taken by the board member irregularly appointed.	Under Delaware law, a corporation may prescribe qualifications for directors under its certificate of incorporation or bylaws.

	FRANCE	DELAWARE
Removal of Directors	Under French law, directors may be removed from office, with or without cause, at any shareholders' meeting without notice or justification, by a simple majority vote.	Under Delaware law, unless otherwise provided in the certificate of incorporation, directors may be removed from office, with or without cause, by a majority stockholder vote, though in the case of a corporation whose board is classified, stockholders may effect such removal only for cause.
Vacancies on the Board of Directors	Under French law, vacancies on the board of directors resulting from death or a resignation, provided that at least three directors remain in office, may be filled by a majority of the remaining directors pending ratification by the shareholders by the next shareholders' meeting.	Under Delaware law, vacancies on a corporation's board of directors, including those caused by an increase in the number of directors, may be filled by a majority of the remaining directors.
Annual General Meeting	Under French law, the annual general meeting of shareholders shall be held at such place, on such date and at such time as decided each year by the board of directors and notified to the shareholders in the convening notice of the annual meeting, within six months after the close of the relevant fiscal year unless such period is extended by court order.	Under Delaware law, the annual meeting of stockholders shall be held at such place, on such date and at such time as may be designated from time to time by the board of directors or as provided in the certificate of incorporation or by the bylaws.
General Meeting	Under French law, general meetings of the shareholders may be called by the board of directors or, failing that, by the statutory auditors, or by a court appointed agent (*mandataire ad hoc*) or liquidator in certain circumstances, or by the majority shareholder in capital or voting rights following a public tender offer or exchange offer or the transfer of a controlling block on the date decided by the board of directors or the relevant person	Under Delaware law, special meetings of the stockholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws.

	FRANCE	DELAWARE
Notice of General Meetings	A meeting announcement is published in the French Journal of Mandatory Statutory Notices (BALO) at least 35 days prior to a meeting and made available on the website of the company at least 21 day prior to the meeting. Subject to limited exceptions provided by French law, additional convening notice is sent out at least 15 days prior to the date of the meeting, by means of a notice inserted both in a legal announcement bulletin of the registered office department and in the French Journal of Mandatory Statutory Notices (BALO). Further, shareholders holding registered shares for at least a month at the time latest insertions of the notices shall be summoned individually, by regular letter (or by registered letter if they request it and include an advance of expenses) sent to their last known address. This notice to registered shareholders may also be transmitted by electronic means of telecommunication, in lieu of any such mailing, to any shareholder requesting it beforehand by registered letter with acknowledgment of receipt in accordance with legal and regulatory requirements, specifying his e-mail address. When the shareholders' meeting cannot deliberate due to lack of required quorum, the second meeting must be called at least ten calendar days in advance in the same manner as used for the first notice. The convening notice shall specify the name of the company, its legal form, share capital, registered office address, registration number with the French Registry of Commerce and Companies, the place, date, hour and agenda of the meeting and its nature (ordinary and/or extraordinary general shareholders' meeting). The convening notice must also indicate the conditions under which the shareholders may vote by correspondence and the places and conditions in which they can obtain voting forms by mail.	Under Delaware law, unless otherwise provided in the certificate of incorporation or bylaws, written notice of any meeting of the stockholders must be given to each stockholder entitled to vote at the meeting not less than 10 nor more than 60 days before the date of the meeting and shall specify the place, date, hour, and purpose or purposes of the meeting.

	FRANCE	DELAWARE
Proxy	Each shareholder has the right to attend the meetings and participate in the discussions (i) personally, or (ii) by granting proxy to his/her spouse, his/her partner with whom he/she has entered into a civil union or to another shareholder or to any individual or legal entity of his choosing; or (iii) by sending a proxy to the company without indication of the mandate (in this case, such proxy shall be cast in favor of the resolutions supported by the board of directors), or (iv) by voting by correspondence, or (v) by videoconference or another means of telecommunication in accordance with applicable laws that allow identification. The proxy is only valid for a single meeting or for successive meetings convened with the same agenda. It can also be granted for two meetings, one ordinary, and the other extraordinary, held on the same day or within a period of fifteen days.	Under Delaware law, at any meeting of stockholders, a stockholder may designate another person to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.
Shareholder Action by Written Consent	Under French law, shareholders' action by written consent is not permitted in a *société anonyme*.	Under Delaware law, a corporation's certificate of incorporation (1) may permit stockholders to act by written consent if such action is signed by all stockholders, (2) may permit stockholders to act by written consent signed by stockholders having the minimum number of votes that would be necessary to take such action at a meeting or (3) may prohibit actions by written consent.

	FRANCE	DELAWARE
Preemptive Rights	Under French law, in case of issuance of additional shares or other securities for cash or set-off against cash debts, the existing shareholders have preferential subscription rights to these securities on a pro rata basis unless such rights are waived by a two-thirds majority of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by the shareholders present, represented by proxy or voting by mail at the extraordinary general shareholders' meeting deciding or authorizing the capital increase, voting in person or represented by proxy or voting by mail. In case such rights have not been waived by the extraordinary general shareholders' meeting, each shareholder may individually either exercise, assign or not exercise its preferential subscription rights. Preferential subscription rights may only be assigned two business days prior to the day on which the subscription is opened until the second business day prior to its closing. Thus, the preferential subscription rights are transferable during a period equivalent to the subscription period relating to a particular offering (such period starting two business days prior to the opening of the subscription period and ending two business days prior to the closing of the subscription period). In accordance with French law, the period of exercise shall be no less than five trading days.	Under Delaware law, unless otherwise provided in a corporation's certificate of incorporation, a stockholder does not, by operation of law, possess preemptive rights to subscribe to additional issuances of the corporation's stock.

	FRANCE	DELAWARE
Sources of Dividends	Under French law, dividends may only be paid by a French *société anonyme* out of "*distributable profits*," plus any distributable reserves and "*distributable premium*" that the shareholders decide to make available for distribution, other than those reserves that are specifically required by law. "*Distributable profits*" consist of the unconsolidated net profits of the relevant corporation for each fiscal year, as increased or reduced by any profit or loss carried forward from prior years. "*Distributable premium*" refers to the contribution paid by the stockholders in addition to the par value of their shares for their subscription that the stockholders decide to make available for distribution. Except in case of a share capital reduction, no distribution can be made to the stockholders when the net equity is, or would become, lower than the amount of the share capital plus the reserves which cannot be distributed in accordance with the law or the bylaws.	Under Delaware law, dividends may be paid by a Delaware corporation either out of (1) surplus or (2) in case there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, except when the capital is diminished by depreciation in the value of its property, or by losses, or otherwise, to an amount less than the aggregate amount of capital represented by issued and outstanding stock having a preference on the distribution of assets.

	FRANCE	DELAWARE
Repurchase of Shares	Under French law, a corporation may acquire its own shares. Such acquisition may be challenged on the ground of market abuse regulations. However, MAR provides for safe harbor exemptions when the acquisition is made for the following purposes: •to decrease our share capital, provided that such a decision is not driven by losses and that a purchase offer is made to all shareholders on a pro rata basis, with the approval of the shareholders at an extraordinary general shareholders' meeting; in this case, the shares repurchased must be cancelled within one month from the expiry of the purchase offer; •to meet obligations arising from debt securities that are exchangeable into equity instruments; •to provide shares for distribution to employees or managers under a profit-sharing, free share or share option plan; in this case the shares repurchased must be distributed within 12 months from their repurchase failing which they must be cancelled; or •under a buy-back program to be authorized by the shareholders in strict compliance of market manipulation and insider dealing rules and in accordance with provisions of Article L. 225-209 of the French Commercial Code and in accordance with the general regulations of, and market practices accepted by the AMF. Under MAR and in accordance with the General Regulations of the French Financial Markets Authority, a corporation shall report to the competent authority of the trading venue on which the shares have been admitted to trading or are traded, no later than by the end of the seventh daily market session following the date of the execution of the transaction, all the transactions relating to the buy-back program, in a detailed form and in an aggregated form. No such repurchase of ordinary shares may result in the company holding, directly or through a person acting on its behalf, more than 10% of its issues share capital.	Under Delaware law, a corporation may generally redeem or repurchase shares of its stock unless the capital of the corporation is impaired or such redemption or repurchase would impair the capital of the corporation.

	FRANCE	DELAWARE
Liability of Directors and Officers	Under French law, the bylaws may not include any provisions limiting the liability of directors. Civil liability of the directors may be sought for (1) an infringement of laws and regulations applicable to the company, (2) breach of the bylaws and (3) management failure.	Under Delaware law, a corporation's certificate of incorporation may include a provision eliminating or limiting the personal liability of a director to the corporation and its stockholders for damages arising from a breach of fiduciary duty as a director. However, no provision can limit the liability of a director for: •any breach of the director's duty of loyalty to the corporation or its stockholders; •acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; •intentional or negligent payment of unlawful dividends or stock purchases or redemptions; or •any transaction from which the director derives an improper personal benefit.
Voting Rights	French law provides that, unless otherwise provided in the bylaws, each shareholder is entitled to one vote for each share of capital stock held by such shareholder. As from April 2016, double voting rights are automatically granted to the shares being registered since more than two years, unless the bylaws are modified in order to provide otherwise.	Delaware law provides that, unless otherwise provided in the certificate of incorporation, each stockholder is entitled to one vote for each share of capital stock held by such stockholder.

	FRANCE	DELAWARE
Shareholder Vote on Certain Transactions	Generally, under French law, completion of a merger, dissolution, sale, lease or exchange of all or substantially all of a corporation's assets requires: •the approval of the board of directors; and •approval by a two-thirds majority of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by the shareholders present, represented by proxy or voting by mail at the relevant meeting or, in the case of a merger with a non-EU company, approval of all shareholders of the corporation (by exception, the extraordinary general shareholders' meeting of the acquiring company may delegate to the board authority to decide a merger-absorption or to determine the terms and conditions of the merger plan).	Generally, under Delaware law, unless the certificate of incorporation provides for the vote of a larger portion of the stock, completion of a merger, consolidation, sale, lease or exchange of all or substantially all of a corporation's assets or dissolution requires: •the approval of the board of directors; and •approval by the vote of the holders of a majority of the outstanding stock or, if the certificate of incorporation provides for more or less than one vote per share, a majority of the votes of the outstanding stock of a corporation entitled to vote on the matter.

	FRANCE	DELAWARE
Dissent or Dissenters' Appraisal Rights	French law does not provide for any such right but provides that a merger is subject to shareholders' approval by a two-thirds majority vote as stated above.	Under Delaware law, a holder of shares of any class or series has the right, in specified circumstances, to dissent from a merger or consolidation by demanding payment in cash for the stockholder's shares equal to the fair value of those shares, as determined by the Delaware Chancery Court in an action timely brought by the corporation or a dissenting stockholder. Delaware law grants these appraisal rights only in the case of mergers or consolidations and not in the case of a sale or transfer of assets or a purchase of assets for stock. Further, no appraisal rights are available for shares of any class or series that is listed on a national securities exchange or held of record by more than 2,000 stockholders, unless the agreement of merger or consolidation requires the holders to accept for their shares anything other than: •shares of stock of the surviving corporation; •shares of stock of another corporation that are either listed on a national securities exchange or held of record by more than 2,000 stockholders; •cash in lieu of fractional shares of the stock described in the two preceding bullet points; or •any combination of the above. In addition, appraisal rights are not available to holders of shares of the surviving corporation in specified mergers that do not require the vote of the stockholders of the surviving corporation.
Standard of Conduct for Directors	French law does not contain specific provisions setting forth the standard of conduct of a director. However, directors have a duty to act without self-interest, on a well-informed basis and they cannot make any decision against a corporation's corporate interest (*intérêt social*). In addition, directors shall take into account social and environmental issues arising out of the company's activity.	Delaware law does not contain specific provisions setting forth the standard of conduct of a director. The scope of the fiduciary duties of directors is generally determined by the courts of the State of Delaware. In general, directors have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interest of the stockholders.

	FRANCE	DELAWARE
Shareholder Suits	French law provides that a shareholder, or a group of shareholders, may initiate a legal action to seek indemnification from the directors of a corporation in the corporation's interest if it fails to bring such legal action itself. If so, any damages awarded by the court are paid to the corporation and any legal fees relating to such action may be borne by the relevant shareholder or the group of shareholders. The plaintiff must remain a shareholder through the duration of the legal action. There is no other case where shareholders may initiate a derivative action to enforce a right of a corporation. A shareholder may alternatively or cumulatively bring individual legal action against the directors, provided he has suffered distinct damages from those suffered by the corporation. In this case, any damages awarded by the court are paid to the relevant shareholder.	Under Delaware law, a stockholder may initiate a derivative action to enforce a right of a corporation if the corporation fails to enforce the right itself. The complaint must: •state that the plaintiff was a stockholder at the time of the transaction of which the plaintiff complains or that the plaintiff's shares thereafter devolved on the plaintiff by operation of law; and •allege with particularity the efforts made by the plaintiff to obtain the action the plaintiff desires from the directors and the reasons for the plaintiff's failure to obtain the action; or •state the reasons for not making the effort. Additionally, the plaintiff must remain a stockholder through the duration of the derivative suit. The action will not be dismissed or compromised without the approval of the Delaware Court of Chancery.
Amendment of Bylaws	Under French law, only the extraordinary general shareholders' meeting is authorized to adopt or amend the bylaws. However, the board of directors is authorized to (i) modify the bylaws as a result of a decision to move the company's registered office and (ii) to bring to the bylaws any modification rendered necessary by an amendment to an applicable law or regulation if the board of directors has been prior authorized by the extraordinary general shareholders' meeting for this purpose, and subject, in both cases, to ratification by the next extraordinary general shareholders' meeting.	Under Delaware law, the stockholders entitled to vote have the power to adopt, amend or repeal the bylaws of the corporation. A corporation may also confer, in its certificate of incorporation, that power upon the board of directors.

Listing

Our ADSs are listed on the Nasdaq Global Select Market under the symbol "ERYP." Our ordinary shares are listed on Euronext Paris under the symbol "ERYP."

Transfer Agent and Registrar

The transfer agent and registrar for our ADSs is The Bank of New York Mellon. Our share register for our ordinary shares is maintained by Société Générale. The share register reflects only record owners of our ordinary shares. Holders of our ADSs are not treated as our shareholders and their names are therefore not entered in our share register. The depositary, the custodian or their nominees are the holder of the shares underlying our ADSs. Holders of our ADSs have a right to receive the ordinary shares underlying their ADSs. For discussion on our ADSs and ADS holder rights, see "Description of American Depositary Shares" in this prospectus.

LIMITATIONS AFFECTING SHAREHOLDERS OF A FRENCH COMPANY

Ownership of ADSs or Shares by Non-French Residents

Neither the French Commercial Code nor our bylaws presently impose any restrictions on the right of non-French residents or non-French shareholders to own and vote shares. However, non-French residents must file a declaration for statistical purposes with the Bank of France (*Banque de France*) within twenty working days following the date of certain direct foreign investments in us, including any purchase of our ADSs. In particular such filings are required in connection with investments exceeding €15,000,000 that lead to the acquisition of at least 10% of the share capital or voting rights or cross such 10% threshold. Violation of this filing requirement may be sanctioned by five years' imprisonment and a fine up to twice the amount of the relevant investment. This amount may be increased fivefold if the violation is made by a legal entity. Moreover, certain foreign investments in companies incorporated under French laws are subject to the prior authorization from the French Minister of the Economy, where all or part of the target's business and activity relate to a strategic sector, such as energy, transportation, public health, telecommunications, *etc.*, pursuant to Law n°2019-486 (and as from April 1, 2020 pursuant to the decree n°2019-1590).

Foreign Exchange Controls

Under current French foreign exchange control regulations there are no limitations on the amount of cash payments that we may remit to residents of foreign countries. Laws and regulations concerning foreign exchange controls do, however, require that all payments or transfers of funds made by a French resident to a non-resident such as dividend payments be handled by an accredited intermediary. All registered banks and substantially all credit institutions in France are accredited intermediaries.

Availability of Preferential Subscription Rights

Our shareholders will have the preferential subscription rights described under "Description of Share Capital—Key Provisions of Our Bylaws and French Law Affecting Our Ordinary Shares—Changes in Share Capital—Preferential Subscription Right." Under French law, shareholders have preferential rights to subscribe for cash issues of new shares or other securities giving rights to acquire additional shares on a pro rata basis. Holders of our securities in the United States (which may be represented by ADSs) will not be able to exercise preferential subscription rights for their securities unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements imposed by the Securities Act is available. We may, from time to time, issue new shares or other securities giving rights to acquire additional shares (such as warrants) at a time when no registration statement is in effect and no Securities Act exemption is available. If so, holders of our securities in the United States will be unable to exercise any preferential subscription rights and their interests will be diluted. We are under no obligation to file any registration statement in connection with any issuance of new shares or other securities. We intend to evaluate at the time of any rights offering the costs and potential liabilities associated with registering the rights, as well as the indirect benefits to us of enabling the exercise by holders of shares in the United States and ADS holders of the subscription rights, and any other factors we consider appropriate at the time, and then to make a decision as to whether to register the rights. We cannot assure you that we will file a registration statement.

For holders of our ordinary shares represented by ADSs, the depositary may make these rights or other distributions available to ADS holders. If the depositary does not make the rights available to ADS holders and determines that it is impractical to sell the rights, it may allow these rights to lapse. In that case, ADS holders will receive no value for them. The section of this prospectus titled "Description of American Depositary Shares—Dividends and Other Distributions" explains in detail the depositary's responsibility in connection with a rights offering. See also "*Risk Factors—The right as a holder of ADSs to participate in any future preferential subscription rights or to elect to receive dividends in shares may be limited, which may cause dilution to the holders of our ADSs*".

C. Material Contracts.

License and Collaboration Agreement with SQZ Biotechnologies

In June 2019, we entered into a license agreement, or the 2019 license agreement, with SQZ Biotechnologies Company, or SQZ, pursuant to which we granted SQZ a worldwide, exclusive license under certain of our intellectual property, rights related to encapsulation technology to research, develop, manufacture, commercialize and otherwise exploit products that modulate an immune response that contain red blood cells and one or more antigens, excluding red blood cell containing products that have a primary mechanism of action that is other than eliciting an antigen-specific immune response or whose primary purpose is to elicit immune tolerance to certain enzymes that modulate specified metabolites. SQZ is solely responsible for future development and commercialization of licensed products and is required to use commercially reasonable efforts to develop and commercialize at least one licensed product throughout the world.

In consideration for entering into the 2019 license agreement, SQZ made an initial upfront payment of $1.0 million. Additionally, we are also entitled to receive $6.0 million in the aggregate for certain specified development and regulatory milestones, $50.0 million in the aggregate for certain specified commercial milestones, a tiered percentage royalty on annual net sales ranging in the low-single digits, subject to certain specified reductions, and a tiered percentage royalty on certain sublicensing revenue received by SQZ ranging from low-single digit to low-second decile. Royalties are payable by SQZ on a licensed product-by-licensed product, indication-by-indication, and country-by-country basis until the expiration of the last valid claim covering the licensed product in such country.

During the term of the 2019 license agreement we, alone and with third parties, are prohibited from researching, developing, manufacturing, commercializing or otherwise exploiting products whose primary purpose is to elicit immune tolerance to a therapeutic enzyme, wherein the red blood cells contain a portion or derivative of the therapeutic enzyme that is sufficient to elicit immune tolerance.

The 2019 license agreement expires on the date of expiration of all royalty obligations. Either party may terminate the 2019 license agreement earlier upon an uncured material breach of the agreement by the other party or the insolvency of the other party. We may terminate the 2019 license agreement in the event that SQZ initiates an action challenging the validity or enforceability of the licensed patents. Additionally, SQZ may terminate the 2019 license agreement for any or no reason on country-by-country basis or in its entirety upon specified written notice.

For additional information on our material contracts, please see “Item 4. Information on the Company,” “Item 6. Directors, Senior Management and Employees,” and “Item 7.B. Related Party Transactions” of this Annual Report on 20-F.

D. Exchange Controls.

Under current French foreign exchange control regulations there are no limitations on the amount of cash payments that we may remit to residents of foreign countries. Laws and regulations concerning foreign exchange controls do, however, require that all payments or transfers of funds made by a French resident to a non-resident such as dividend payments be handled by an accredited intermediary. All registered banks and substantially all credit institutions in France are accredited intermediaries.

E. Taxation.

The following describes material U.S. federal income tax and French tax considerations relating to the acquisition, ownership and disposition of ADSs by a U.S. holder (as defined below). This summary does not address all U.S. federal income tax and French tax matters that may be relevant to a particular U.S. holder. This summary does not address tax considerations applicable to a holder of ADSs that may be subject to special tax rules including, without limitation, the following:

- banks, financial institutions or insurance companies;
- brokers, dealers or traders in securities, currencies, commodities, or notional principal contracts;
- tax-exempt entities or organizations, including an “individual retirement account” or “Roth IRA” as defined in Section 408 or 408A of the Code (as defined below), respectively;
- real estate investment trusts, regulated investment companies or grantor trusts;
- persons that hold the ADSs as part of a “hedging,” “integrated,” “wash sale” or “conversion” transaction or as a position in a “straddle” for U.S. federal income tax purposes;

- S corporations;
- certain former citizens or long-term residents of the United States;
- persons that received ADSs as compensation for the performance of services;
- persons acquiring ADSs in connection with a trade or business conducted outside of the United States, including a permanent establishment in France;
- persons subject to Section 451(b) of the Code;
- holders that own directly, indirectly, or through attribution 10% or more of the voting power or value of our ADSs and shares or, in the case of the discussion of French tax consequences, 5% or more of the voting stock or our share capital; and
- holders that have a "functional currency" other than the U.S. dollar.

For the purposes of this description, a "U.S. holder" is a beneficial owner of ADSs that is (or is treated as), for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a domestic corporation;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust, or if such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds ADSs, the U.S. federal income tax consequences relating to an investment in the ADSs will depend in part upon the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor regarding the U.S. federal income tax considerations of acquiring, owning and disposing of the ADSs in its particular circumstances.

The discussion in this section is based in part upon the representations of the depositary and the assumption that each obligation in the amended and restated deposit agreement and any related agreement will be performed in accordance with its terms.

Persons considering an investment in the ADSs should consult their own tax advisors as to the particular tax consequences applicable to them relating to the acquisition, ownership and disposition of the ADSs, including the applicability of U.S. federal, state and local tax laws, French tax laws and other non-U.S. tax laws.

Material French Tax Considerations

The following describes the material French income tax consequences to U.S. holders of purchasing, owning and disposing of our ADSs and, unless otherwise noted, this discussion is the opinion of Gide Loyrette Nouel A.A.R.P.I, our French tax counsel, insofar as it relates to matters of French tax law and legal conclusions with respect to those matters.

This discussion does not purport to be a complete analysis or listing of all potential tax effects of the acquisition, ownership or disposition of our ADSs to any particular investor, and does not discuss tax considerations that arise from rules of general application or that are generally assumed to be known by investors. All of the following is subject to change. Such changes could apply retroactively and could affect the consequences described below.

The description of the French income tax and wealth tax consequences set forth below is based on the Convention Between the Government of the United States of America and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital of August 31, 1994, or the Treaty, which came into force on December 30, 1995 (as amended by any subsequent protocols, including the protocol of January 13, 2009), and the tax guidelines issued by the French tax authorities in force as of the date of this Annual Report.

This discussion applies only to investors that are entitled to Treaty benefits under the "Limitation on Benefits" provision contained in the Treaty.

France has recently introduced a comprehensive set of new tax rules applicable to French assets that are held by or in foreign trusts. These rules provide inter alia for the inclusion of trust assets in the settlor's net assets for the purpose of applying the French real

estate wealth tax, for the application of French gift and death duties to French assets held in trust, for a specific tax on capital on the French assets of foreign trusts not already subject to the French real estate wealth tax and for a number of French tax reporting and disclosure obligations. The following discussion does not address the French tax consequences applicable to securities (including ADSs) held in trusts. If ADSs are held in trust, the grantor, trustee and beneficiary are urged to consult their own tax advisor regarding the specific tax consequences of acquiring, owning and disposing of securities (including ADSs).

U.S. holders are urged to consult their own tax advisors regarding the tax consequences of the purchase, ownership and disposition of securities in light of their particular circumstances, especially with regard to the "Limitations on Benefits" provision.

Estate and Gift Taxes and Transfer Taxes

In general, a transfer of securities by gift or by reason of death of a U.S. holder that would otherwise be subject to French gift or inheritance tax, respectively, will not be subject to such French tax by reason of the Convention between the Government of the United States of America and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances and Gifts, dated November 24, 1978 (as amended by the protocol of December 8, 2004), unless (i) the donor or the transferor is domiciled in France at the time of making the gift or at the time of his or her death, or (ii) the securities were used in, or held for use in, the conduct of a business through a permanent establishment or a fixed base in France.

Pursuant to Article 235 ter ZD of the Code général des impôts (French Tax Code, or FTC), purchases of shares or ADSs of a French company listed on a regulated market of the European Union or on a foreign regulated market formally acknowledged by the French Financial Market Authority (AMF) are subject to a 0.3% French tax on financial transactions provided that the issuer's market capitalization exceeds 1 billion euros as of December 1 of the year preceding the taxation year pursuant to Regulations BOI-ANNEX-000467-20191218 issued on December 18, 2019. The Nasdaq Global Select Market is not currently acknowledged by the French AMF but this may change in the future. A list of French relevant companies whose market capitalization exceeds 1 billion euros as of December 1 of the year preceding the taxation year is published annually and at least once a year, by the French State. As at December 1, 2019, our market capitalization did not exceed 1 billion euros.

Following the global offering, purchases of our securities may be subject to such tax provided that its market capitalization exceeds 1 billion euros and that the Nasdaq Global Select Market is acknowledged by the French AMF.

In the case where Article 235 ter ZD of the FTC is not applicable, transfers of shares issued by a French company, which is listed on a regulated or organized market within the meaning of the French Financial and Monetary Code, are subject to uncapped registration duties at the rate of 0.1% if the transfer is evidenced by a written statement ("acte") executed either in France or outside France. Although there is no case law or official guidelines published by the French tax authorities on this point, transfers of ADSs should remain outside of the scope of the aforementioned 0.1% registration duties.

Tax on Sale or Other Disposition

As a matter of principle, under French tax law, a U.S. holder should not be subject to any French tax on any capital gain from the sale, exchange, repurchase or redemption by us of ordinary shares or ADSs, provided such U.S. holder is not a French tax resident for French tax purposes and has not held more than 25% of our dividend rights, known as *"droits aux benefices sociaux,"* at any time during the preceding five years, either directly or indirectly, and, as relates to individuals, alone or with relatives (as an exception, a U.S holder resident, established or incorporated in a non-cooperative State or territory as defined in Article 238-0 A of the FTC should be subject to a 75% withholding tax in France on any such capital gain, regardless of the fraction of the dividend rights it holds).

Under application of the Treaty, a U.S. holder who is a U.S. resident for purposes of the Treaty and entitled to Treaty benefit will not be subject to French tax on any such capital gain unless the ordinary shares or the ADSs form part of the business property of a permanent establishment or fixed base that the U.S. holder has in France. U.S. holders who own ordinary shares or ADSs through U.S. partnerships that are not resident for Treaty purposes are advised to consult their own tax advisors regarding their French tax treatment and their eligibility for Treaty benefits in light of their own particular circumstances. A U.S. holder that is not a U.S. resident for Treaty purposes or is not entitled to Treaty benefit (and in both cases is not resident, established or incorporated in a non-cooperative State or territory as defined in Article 238-0 A of the FTC) and has held more than 25% of our dividend rights, known as *"droits aux benefices sociaux,"* at any time during the preceding five years, either directly or indirectly, and, as relates to individuals, alone or with relatives will be subject to a levy in France at the rate of 12.8% if such U.S. holder is an individual or 28% for corporate bodies or other legal entities (as from January 1, 2020, to be progressively reduced to 25% by 2022). Special rules apply to U.S. holders who are residents of more than one country.

Taxation of Dividends

Dividends paid by a French corporation to non-residents of France are generally subject to French withholding tax at a rate of 12.8% when the recipient is an individual and 28% otherwise (the 28% rate for legal entities will be progressively reduced to 25% by 2022). Dividends paid by a French corporation in a non-cooperative State or territory, as defined in Article 238-0 A of the FTC, will generally be subject to French withholding tax at a rate of 75%. However, eligible U.S. holders, other than individuals subject to the French withholding tax at a rate of 12.8%, entitled to Treaty benefits under the ‘‘Limitation on Benefits’’ provision contained in the Treaty who are U.S. residents, as defined pursuant to the provisions of the Treaty, will not be subject to this 28% or 75% withholding tax rate, but may be subject to the withholding tax at a reduced rate (as described below).

Under the Treaty, the rate of French withholding tax on dividends paid to an eligible U.S. holder who is a U.S. resident as defined pursuant to the provisions of the Treaty and whose ownership of the ordinary shares or ADSs is not effectively connected with a permanent establishment or fixed base that such U.S. holder has in France, may be reduced to 15%, or to 5% if such U.S. holder is a corporation and owns directly or indirectly at least 10% of the share capital of the issuer; such U.S. holder may claim a refund from the French tax authorities of the amount withheld in excess of the Treaty rates of 15% or 5%, if any.

For U.S. holders that are not individuals but are U.S. residents, as defined pursuant to the provisions of the Treaty, the requirements for eligibility for Treaty benefits, including the reduced 5% or 15% withholding tax rates contained in the ‘‘Limitation on Benefits’’ provision of the Treaty, are complex, and certain technical changes were made to these requirements by the protocol of January 13, 2009. U.S. holders are advised to consult their own tax advisors regarding their eligibility for Treaty benefits in light of their own particular circumstances. Dividends paid to an eligible U.S. holder may immediately be subject to the reduced rates of 5% or 15% provided that:

- such holder establishes before the date of payment that it is a U.S. resident under the Treaty by completing and providing the depositary with a treaty form (Form 5000) in accordance with the French guidelines (BOI-INT-DG-20-20-20-20-20120912); or
- the depositary or other financial institution managing the securities account in the U.S. of such holder provides the French paying agent with a document listing certain information about the U.S. holder and its ordinary shares or ADSs and a certificate whereby the financial institution managing the U.S. holder’s securities account in the United States takes full responsibility for the accuracy of the information provided in the document.

Otherwise, dividends paid to a U.S. holder, other than individuals subject to the French withholding tax at a rate of 12.8%, will be subject to French withholding tax at the rate of 28%, or 75% if paid in a non-cooperative State or territory (as defined in Article 238-0 A of the FTC), and then reduced at a later date to 5% or 15%, provided that such holder duly completes and provides the French tax authorities with the treaty forms Form 5000 and Form 5001 before December 31 of the second calendar year following the year during which the dividend is paid.

Certain qualifying pension funds and certain other tax-exempt entities are subject to the same general filing requirements as other U.S. holders except that they may have to supply additional documentation evidencing their entitlement to these benefits.

Form 5000 and Form 5001, together with instructions, will be provided by the depositary to all U.S. holders registered with the depositary. The depositary will arrange for the filing with the French tax authorities of all such forms properly completed and executed by U.S. holders of ordinary shares or ADSs and returned to the depositary in sufficient time so that they may be filed with the French tax authorities before the distribution in order to immediately obtain a reduced withholding tax rate. Otherwise, the depositary must withhold tax at the full rate of 28% or 75% as applicable. In that case, the U.S. holders may claim a refund from the French tax authorities of the excess withholding tax.

Since the withholding tax rate applicable under French domestic law to U.S. holders who are individuals does not exceed the cap provided in the Treaty (i.e. 15%), the 12.8% rate shall apply, without any reduction provided under the Treaty.

Besides, please note that pursuant to Article 235 quater of the FTC (introduced by the French finance bill n°2019-1479 for 2020) and under certain conditions (in particular reporting obligations), a corporate U.S. Holder which is in a tax loss position for the fiscal year during which the dividend is received may be entitled to a deferral regime, and obtain a withholding tax refund. The tax deferral ends in respect of the first financial year during which this U.S. Holder is in a profit making position, as well as in the cases set out in Article 235 quater of the FTC.

Real Estate Wealth Tax

On January 1, 2018, the French wealth tax was replaced with a real estate wealth tax (impôt sur la fortune immobilière, or IFI). Individuals holding directly or indirectly through one or more legal entities real estate assets or rights with a value exceeding

€1,300,000 may fall within the scope of the IFI. A general exclusion applies to real estate assets owned by companies carrying out a commercial or industrial activity when the taxpayer (together with the members of his/her household) holds directly or indirectly less than 10% of the share capital or voting rights of the company. ADSs owned by a U.S. holder should not fall within the scope of the IFI provided that such U.S. holder does not own (together with the members of his/her household) directly or indirectly a shareholding exceeding 10% of the financial rights and voting rights of our share capital. U.S. holders holding directly or indirectly a shareholding exceeding 10% of the financial rights and voting rights of our share capital should seek additional advice.

Material U.S. Federal Income Tax Considerations

This section discusses the material U.S. federal income tax considerations relating to the acquisition, ownership and disposition of ADSs by a U.S. holder. This description does not address the U.S. federal estate, gift, or alternative minimum tax considerations, or any U.S. state, local, or non-U.S. tax considerations of the acquisition, ownership and disposition of the ADSs.

This description is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, existing, proposed and temporary U.S. Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof, in each case as in effect and available on the date hereof. All the foregoing is subject to change, which change could apply retroactively, and to differing interpretations, all of which could affect the tax considerations described below. There can be no assurances that the U.S. Internal Revenue Service, or the IRS, will not take a position concerning the tax consequences of the acquisition, ownership and disposition of the ADSs or that such a position would not be sustained by a court. Holders should consult their own tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning and disposing of the ADSs in their particular circumstances.

In general, and taking into account the earlier assumptions, for U.S. federal income and French tax purposes, a U.S. holder holding ADRs evidencing ADSs will be treated as the owner of the shares presented by the ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to U.S. federal income or to French tax.

Passive Foreign Investment Company Considerations. Based on the composition of our gross income and assets in 2018, the nature of our business and due to fluctuations in our stock price, we believe that we were characterized as a PFIC for our taxable year ending December 31, 2018. Based on the expected nature and composition of our gross income, assets, activities and market capitalization for our taxable year ending December 31, 2019, we expect that we will be characterized as a PFIC for the taxable year ended December 31, 2019. There can be no assurance that we will not be considered a PFIC for the current year or any future taxable year. A separate determination must be made after the close of each taxable year as to whether we are a PFIC for that year. As a result, our PFIC status may change from year to year and we have not yet made any determination as to our expected PFIC status for the current year; however, if the facts underlying our 2020 PFIC determination are similar to those for 2019, we could be a PFIC for our taxable year ending December 31, 2020. Our U.S. counsel expresses no opinion regarding our conclusions or our expectations regarding our PFIC status.

If we are classified as a PFIC in any taxable year, a U.S. holder will be subject to special rules discussed below. If we are classified as a PFIC in any year with respect to which a U.S. holder owns the ADSs, we will continue to be treated as a PFIC with respect to such U.S. holder in all succeeding years during which the U.S. holder owns the ADSs, regardless of whether we continue to meet the PFIC tests described below.

We will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules with respect to the income and assets of our subsidiaries, either: (i) at least 75% of the gross income is “passive income” or (ii) at least 50% of the average quarterly value of our total gross assets (which would generally be measured by fair market value of our assets, and for which purpose the total value of our assets may be determined in part by the market value of the ADSs and our ordinary shares, which are subject to change) is attributable to assets that produce “passive income” or are held for the production of “passive income.”

Passive income for this purpose generally includes dividends, allocations of income with respect to any partnership interest, interest, royalties, rents, gains from commodities and securities transactions, the excess of gains over losses from the disposition of assets which produce passive income, and includes amounts derived by reason of the temporary investment of funds raised in offerings of the ADSs. If a non-U.S. corporation owns directly or indirectly at least 25% by value of the stock of another corporation or the partnership interests in a partnership, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation or partnership and as receiving directly its proportionate share of the other corporation’s or partnership’s income.

The market value of our assets may be determined in large part by reference to the market price of the ADSs and our ordinary shares, which is likely to fluctuate. In addition, the composition of our income and assets will be affected by how, and how quickly, we use

the cash proceeds from our global offerings in our business. Whether we are a PFIC for any taxable year will depend on our assets and income (including whether we receive certain non-refundable grants or subsidies and whether such amounts and reimbursements of certain refundable research tax credits will constitute gross income for purposes of the PFIC income test) in each year, and because this is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC in any taxable year.

If we are a PFIC, and you are a U.S. holder that does not make one of the elections described below, a special tax regime will apply to both (a) any "excess distribution" by us to you (generally, your ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by you in the shorter of the three preceding years or your holding period for the ADSs) and (b) any gain realized on the sale or other disposition of the ADSs. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (i) the excess distribution or gain had been realized ratably over your holding period, (ii) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. holder's regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (iii) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions made to you will not qualify for the lower rates of taxation applicable to qualified dividends discussed above under "Distributions."

Certain elections may alleviate some of the adverse consequences of PFIC status and would result in an alternative treatment of the ADSs. If a U.S. holder makes a mark-to-market election, the U.S. holder generally will recognize as ordinary income any excess of the fair market value of the ADSs at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder's tax basis in the ADSs will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The mark-to-market election is available only if we are a PFIC and the ADSs are "regularly traded" on a "qualified exchange." The ADSs will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the ADSs are traded on a qualified exchange on at least 15 days during each calendar quarter (subject to the rule that trades that have as one of their principal purposes the meeting of the trading requirement as disregarded). The Nasdaq Global Select Market is a qualified exchange for this purpose and, consequently, if the ADSs are regularly traded, the mark-to-market election will be available to a U.S. holder.

If we are a PFIC, we expect to provide investors, upon request, a "PFIC Annual Information Statement" with the information required to allow investors to make a "qualified electing fund election" or "QEF Election" for United States federal income tax purposes. U.S. holders should consult their tax advisors to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

If a U.S. holder makes a QEF Election with respect to a PFIC, in lieu of the tax consequences described below, the U.S. holder will be subject to current taxation on its pro rata share of the PFIC's ordinary earnings and net capital gain for each taxable year that the entity is classified as a PFIC. If a U.S. holder makes a QEF Election with respect to us, any distributions paid by us out of our earnings and profits that were previously included in the U.S. holder's income under the QEF Election would not be taxable to the holder. A U.S. holder will increase its tax basis in its ADSs by an amount equal to any income included under the QEF Election and will decrease its tax basis by any amount distributed on the ADSs that is not included in the holder's income. In addition, a U.S. holder will recognize capital gain or loss on the disposition of ADSs in an amount equal to the difference between the amount realized and the holder's adjusted tax basis in the ADSs. U.S. holders should note that if they make QEF Elections with respect to us and lower-tier PFICs, they may be required to pay U.S. federal income tax with respect to their ADSs for any taxable year significantly in excess of any cash distributions (which are expected to be zero) received on the ADSs for such taxable year. U.S. holders should consult their tax advisors regarding making QEF Elections in their particular circumstances. If a U.S. holder does not make and maintain a QEF election for the U.S. holder's entire holding period for our ADSs by making the election for the first year in which the U.S. holder owns our ADSs pursuant to this offering, the U.S. holder will be subject to the adverse PFIC rules discussed above unless the U.S. holder can properly make a "purging election" with respect to our ADSs in connection with the U.S. Shareholder's QEF Election. A purging election may require the U.S. holder to recognize taxable gain on the U.S. holder's ADSs. No purging election is necessary for a U.S. holder that timely makes a QEF election for the first year in which the U.S. holder acquired our ADSs.

If we are determined to be a PFIC, the general tax treatment for U.S. holders described in this section would apply to indirect distributions and gains deemed to be realized by U.S. Holders in respect of any of our subsidiaries that also may be determined to be PFICs.

If a U.S. holder owns ADSs during any taxable year in which we are a PFIC, the U.S. holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the company, generally with the U.S. holder's federal income tax return for that year. If our company were a PFIC for a given taxable year, then you should consult your tax advisor concerning your annual filing requirements.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. investors are urged to consult their own tax advisers with respect to the acquisition, ownership and disposition of the ADSs, the consequences to them of an investment in a PFIC, any elections available with respect to the ADSs and the IRS information reporting obligations with respect to the acquisition, ownership and disposition of the ADSs.

U.S. Federal Income Tax Consequences If We Are Not a PFIC. The description of the U.S. federal income tax consequences of the receipt of distributions and the sale or other taxable exchange of our ADSs, described in the following two sections "*—Distributions*" and "*—Sale, Exchange or Other Taxable Disposition of the ADSs*," apply only if we are not a PFIC in the relevant year and our stock is not subject to the rules described above under "*—Passive Foreign Investment Company Considerations*" because we were a PFIC with respect to a U.S. holder and its ADSs in a prior year.

Distributions. We do not expect to make any distribution in respect of our ADSs. If we are not treated as a PFIC under the rules described above under "*—Passive Foreign Investment Company Considerations*" and made any distribution in respect of our ADSs, the gross amount of the distribution (including any amounts withheld in respect of foreign tax) actually or constructively received by a U.S. holder with respect to ADSs will be taxable to the U.S. holder as a dividend to the extent of the U.S. holder's pro rata share of our current and accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of earnings and profits will be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce, the U.S. holder's adjusted tax basis in the ADSs. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as either long-term or short-term capital gain depending upon whether the U.S. holder has held the ADSs for more than one year as of the time such distribution is received. However, since we do not calculate our earnings and profits under U.S. federal income tax principles, it is expected that any distribution will be reported as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. Non-corporate U.S. holders may qualify for the preferential rates of taxation with respect to dividends on ADSs applicable to long-term capital gains (i.e., gains from the sale of capital assets held for more than one year) applicable to qualified dividend income (as discussed below) if we are a "qualified foreign corporation" and certain other requirements (discussed below) are met. A non-U.S. corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (a) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information provision, or (b) with respect to any dividend it pays on ADSs which are readily tradable on an established securities market in the United States. Our ADSs are currently listed on the Nasdaq Global Select Market, which is an established securities market in the United States, and we expect the ADSs to be readily tradable on the Nasdaq Global Select Market. However, there can be no assurance that the ADSs will be considered readily tradable on an established securities market in the United States in later years. The Company, which is incorporated under the laws of France, believes that it qualifies as a resident of France for purposes of, and is eligible for the benefits of, the Convention between the Government of the United States of America and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital, signed on August 31, 1994, as amended and currently in force, or the U.S.-France Tax Treaty, although there can be no assurance in this regard. Further, the IRS has determined that the U.S.-France Tax Treaty is satisfactory for purposes of the qualified dividend rules and that it includes an exchange-of-information program. Therefore, subject to the discussion under "*—Passive Foreign Investment Company Considerations*," above, such dividends will generally be "qualified dividend income" in the hands of individual U.S. holders, provided that a holding period requirement (more than 60 days of ownership, without protection from the risk of loss, during the 121-day period beginning 60 days before the ex-dividend date) and certain other requirements are met. The dividends will not be eligible for the dividends-received deduction generally allowed to corporate U.S. holders.

A U.S. holder generally may claim the amount of any French withholding tax as either a deduction from gross income or a credit against its U.S. federal income tax liability. However, the foreign tax credit is subject to numerous complex limitations that must be determined and applied on an individual basis. Generally, the credit cannot exceed the proportionate share of a U.S. holder's U.S. federal income tax liability that such U.S. holder's taxable income bears to such U.S. holder's worldwide taxable income. In applying this limitation, a U.S. holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." In addition, this limitation is calculated separately with respect to specific categories of income. The amount of a distribution with respect to the ADSs that is treated as a "dividend" may be lower for U.S. federal income tax purposes than it is for French income tax purposes, potentially resulting in a reduced foreign tax credit for the U.S. holder. Each U.S. holder should consult its own tax advisors regarding the foreign tax credit rules.

In general, the amount of a distribution paid to a U.S. holder in a foreign currency will be the dollar value of the foreign currency calculated by reference to the spot exchange rate on the day the Depositary receives the distribution, regardless of whether the foreign currency is converted into U.S. dollars at that time. Any foreign currency gain or loss a U.S. holder realizes on a subsequent conversion of foreign currency into U.S. dollars will be U.S. source ordinary income or loss. If dividends received in a foreign

currency are converted into U.S. dollars on the day they are received, a U.S. holder should not be required to recognize foreign currency gain or loss in respect of the dividend.

Sale, Exchange or Other Taxable Disposition of the ADSs. A U.S. holder will generally recognize gain or loss for U.S. federal income tax purposes upon the sale, exchange or other taxable disposition of ADSs in an amount equal to the difference between the U.S. dollar value of the amount realized from such sale or exchange and the U.S. holder's tax basis in those ADSs, determined in U.S. dollars. Subject to the discussion under "*—Passive Foreign Investment Company Considerations*" below, this gain or loss will generally be a capital gain or loss. The adjusted tax basis in the ADSs generally will be equal to the cost of such ADSs. Capital gain from the sale, exchange or other taxable disposition of ADSs of a non-corporate U.S. holder is generally eligible for a preferential rate of taxation applicable to capital gains, if the non-corporate U.S. holder's holding period determined at the time of such sale, exchange or other taxable disposition for such ADSs exceeds one year (i.e., such gain is long-term taxable gain). The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations. Any such gain or loss that a U.S. holder recognizes generally will be treated as U.S. source gain or loss for foreign tax credit limitation purposes.

For a cash basis taxpayer, units of foreign currency paid or received are translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. In that case, no foreign currency exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of such a purchase or sale. An accrual basis taxpayer, however, may elect the same treatment required of cash basis taxpayers with respect to purchases and sales of the ADSs that are traded on an established securities market, provided the election is applied consistently from year to year. Such election may not be changed without the consent of the IRS. For an accrual basis taxpayer who does not make such election, units of foreign currency paid or received are translated into U.S. dollars at the spot rate on the trade date of the purchase or sale. Such an accrual basis taxpayer may recognize exchange gain or loss based on currency fluctuations between the trade date and the settlement date. Any foreign currency gain or loss a U.S. Holder realizes will be U.S. source ordinary income or loss.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their dividend income and net gains from the disposition of ADSs. Each U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its investment in the ADSs.

Backup Withholding and Information Reporting. U.S. holders generally will be subject to information reporting requirements with respect to dividends on ADSs and on the proceeds from the sale, exchange or disposition of ADSs that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder is an "exempt recipient." In addition, U.S. holders may be subject to backup withholding on such payments, unless the U.S. holder provides a taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Backup withholding is not an additional tax, and the amount of any backup withholding will be allowed as a credit against a U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Foreign Asset Reporting. Certain individual U.S. holders are required to report information relating to an interest in the ADSs, subject to certain exceptions (including an exception for shares held in accounts maintained by U.S. financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. U.S. holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the ADSs.

THE DISCUSSION ABOVE IS A SUMMARY OF THE MATERIAL FRENCH AND U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN OUR ADSs OR ORDINARY SHARES AND IS BASED UPON LAWS AND RELEVANT INTERPRETATIONS THEREOF IN EFFECT AS OF THE DATE OF THIS ANNUAL REPORT ON FORM 20-F, ALL OF WHICH ARE SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN ADSs OR ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

F. Dividends and Paying Agents.

Not applicable.

G. Statement by Experts.

Not applicable.

H. Documents on Display.

We are subject to the information reporting requirements of the Exchange Act applicable to foreign private issuers and under those requirements will file reports with the SEC. Those reports may be inspected without charge at the locations described below. As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. Nevertheless, we will file with the SEC an Annual Report on Form 20-F containing financial statements that have been examined and reported on, with and opinion expressed by an independent registered public accounting firm.

We maintain a corporate website at *www.erytech.com*. We intend to post our Annual Reports on Form 20-F on our website promptly following it being filed with the SEC. Information contained on, or that can be accessed through, our website does not constitute a part of this Annual Report. We have included our website address in this Annual Report solely as an inactive textual reference.

The Securities and Exchange Commission maintains a website (*www.sec.gov*) that contains reports, proxy and information statements and other information regarding registrants, such as us, that file electronically with the SEC.

With respect to references made in this Annual Report to any contract or other document of our company, such references are not necessarily complete and you should refer to the exhibits attached or incorporated by reference to this Annual Report for copies of the actual contract or document.

I. Subsidiary Information.

Not required.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Liquidity Risk

We do not believe that we are exposed to short-term liquidity risk, considering the cash and cash equivalents that we had available as of December 31, 2019, amounting to €73.2 million, which was primarily cash and term deposits that are convertible into cash in approximately 30 days notice without penalty. Management believes that the amount of cash and cash equivalents available at December 31, 2019 is sufficient to fund our planned operations until February 2021. We may need to seek additional funds sooner than planned, through public or private equity or debt financings, government or other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements or a combination of these approaches. However, no assurance can be given at this time as to whether we will be able to achieve these financing objectives.

Foreign Currency Exchange Risk

We use the euro as our functional currency for our financial communications. Our operating results and our bank account held in U.S dollars are exposed to changes in foreign currency exchange rates between the euro and various foreign currencies, including the U.S. dollar. However, a portion of our operating expenses is denominated in U.S. dollars as a result of our clinical trials performed in the United States at our office based in Cambridge, Massachusetts and our production facility in Princeton, New Jersey. As a result, we are exposed to foreign exchange risk inherent in operating expenses incurred. We also entered into a license and collaboration agreement with SQZ Biotechnologies in June 2019 and any potential payments pursuant to this agreement will be made in U.S. dollars.

As of December 31, 2019, management believes that its bank account position held in U.S. dollars is sufficient to cover operating expenses in dollars. As a consequence, we do not believe we have a significant foreign currency exchange risk as of December 31, 2019. The bank account position held in U.S. dollars amounted to $35,224 thousand as of December 31, 2019.

Change in exchange rate from 1% would have an impact of €310 thousand as of December 31, 2019.

Change in exchange rate from 5% would have an impact of €1,493 thousand as of December 31, 2019.

Change in exchange rate from 10% would have an impact of €2,850 thousand as of December 31, 2019.

We do not currently engage in hedging transactions or the use of forward contracts but may in the future in order to minimize the impact of uncertainty in future exchange rates on cash flows.

As we advance our clinical development in the United States and potentially commercialize our product candidates in that market, we expect to face greater exposure to exchange rate risk and would then consider using exchange rate derivative or hedging techniques at that time. We expect to continue to enter into transactions based in foreign currencies that could be impacted by changes in exchange rates.

Interest Rate Risk

We believe we have very low exposure to interest rate risk. Such exposure primarily involves our money market funds and time deposit accounts. Changes in interest rates have a direct impact on the rate of return on these investments and the cash flows generated.

The currently outstanding bank loan with Société Générale bear interest at a fixed rate, and therefore the company is not subject to interest rate risk with respect to this loan.

Credit Risk

We believe that the credit risk related to our cash and cash equivalents is not significant in light of the quality of the financial institutions at which such funds are held.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Item 12. Description of Securities Other than Equity Securities.

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares.

The Bank of New York Mellon acts as the depositary for the American Depositary Shares. The Bank of New York Mellon's depositary offices are located at 101 Barclay Street, New York, N.Y. 10286. American Depositary Shares are frequently referred to as ADSs and represent ownership interests in securities that are on deposit with the depositary. Each ADS represents one ordinary share, nominal value €0.10 per share (or a right to receives one ordinary share). ADSs may be represented by certificates that are commonly known as American Depositary Receipts, or ADRs. The depositary typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Société Générale.

We have appointed The Bank of New York Mellon as depositary pursuant to an amended and restated deposit agreement, which sets out the ADS holder rights as well as the rights and obligations of the depositary. A copy of the amended and restated deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the amended and restated deposit agreement from the SEC's website (www.sec.gov). Please refer to Registration Number 333-201279 when retrieving such copy.

You may hold ADSs either (1) directly (a) by having an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (b) by having uncertificated ADSs registered in your name in the Direct Registration System, or DRS, or (2) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in the Depository Trust Company, or DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

DRS is a system administered by DTC pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership is confirmed by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

As an ADS holder, you will not be treated as one of our shareholders and you will not have shareholder rights. French law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying your ADSs. As a holder of ADSs, you will have ADS holder rights. An amended and restated deposit agreement among us, the depositary and you, as an ADS holder, and all other persons directly and indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the amended and restated deposit agreement and the ADRs. In the event of any discrepancy between the ADRs and the amended and restated deposit agreement, the amended and restated deposit agreement governs.

Fees and Expenses

Pursuant to the terms of the amended and restated deposit agreement, the holders of our ADSs will be required to pay the following fees:

Persons depositing or withdrawing ordinary shares or ADSs must pay:	*For:*
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issue of ADSs, including issues resulting from a distribution of ordinary shares or rights • Cancellation of ADSs for the purpose of withdrawal, including if the amended and restated deposit agreement terminates
$0.05 (or less) per ADS	• Any cash distribution to you
A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the shares had been deposited for issue of ADSs	• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to you
$0.05 (or less) per ADS per calendar year	• Depositary services
Registration or transfer fees	• Transfer and registration of ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	• Cable (including SWIFT) and facsimile transmissions as expressly provided in the amended and restated deposit agreement • Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, share transfer taxes, stamp duty or withholding taxes	• As necessary
Any charges payable by the depositary, custodian or their agents in connection with the servicing of deposited securities	• As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide for-fee services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the amended and restated deposit agreement, the depositary may use brokers, dealers, foreign currency or other service providers that are affiliates of the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert foreign currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the amended and restated deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the amended and restated deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the

most favorable to holders of our ADSs, subject to the depositary's obligations under the amended and restated deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

We may agree with the depositary to amend the amended and restated deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges, registration fees, facsimile costs, delivery costs or other such expenses, or that would otherwise prejudice a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, ADS holders are considered, by continuing to hold their ADSs, to agree to the amendment and to be bound by the ADRs and the amended and restated deposit agreement as further amended.*

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the American Depositary Shares program, waive fees and expenses for services provided by the depositary or share revenue from the fees collected from owners or holders of our ADSs.

Payment of Taxes

ADS holders are responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of their ADSs. The depositary may refuse to register any transfer of an ADS holder's ADSs or allow an ADS holder to withdraw the deposited securities represented by an ADS holder's ADSs until such taxes or other charges are paid. It may apply payments owed to an ADS holder or sell deposited securities represented by an ADS holder's ADSs to pay any taxes owed and the ADS holder will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs registered in such ADS holder's name to reflect the sale and pay such ADS holder any net proceeds, or send such ADS holder any property, remaining after it has paid the taxes. Such ADS holder's obligation to pay taxes and indemnify us and the depositary against any tax claims will survive the transfer or surrender of such ADS holder's ADSs, the withdrawal of the deposited ordinary shares as well as the termination of the amended and restated deposit agreement.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

Global Offering

In November 2017, we completed a global offering of an aggregate of 6,180,137 ordinary shares, including the full exercise of the underwriters' option to purchase 806,104 additional ordinary shares. The global offering consisted of a U.S. initial public offering of 5,389,021 ordinary shares in the form of American Depositary Shares, each representing one ordinary share, at an offering price of $23.26 per ADS and a concurrent private placement in Europe and other countries outside of the United States and Canada of 791,116 ordinary shares at an offering price of €20.00 per ordinary share for aggregate gross proceeds to us of approximately $143.7 million. The net offering proceeds to us, after deducting underwriting discounts and commissions and offering expenses, were approximately €112.1 million ($130.4 million). The offering commenced on November 6, 2017 and did not terminate before all of the securities registered in the registration statement were sold. The effective date of the registration statement, File No. 333-220867, for our global offering was November 9, 2017.

Jefferies LLC acted as global coordinator and joint book-runner for the global offering. Cowen and Company, LLC acted as joint book-runner and JMP Securities LLC acted as lead manager for the offering of ADSs in the United States. Oddo BHF SCA acted as joint book-runner for the private placement of ordinary shares in Europe.

The net proceeds from our global offering have been used, and are expected to continue to be used, as described in the final prospectus for the global offering filed with the U.S. Securities and Exchange Commission on November 13, 2017.

None of the net proceeds of our global offering were paid directly or indirectly to any director, officer, general partner of ours or to their associates, persons owning ten percent or more of any class of our equity securities, or to any of our affiliates.

Item 15. Controls and Procedures.

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer (*principal executive officer*) and our chief financial officer and chief operating officer (*principal financial officer*), has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13(a) - 15(e) and 15(d) - 15(e) under the Securities Exchange Act of 1934, as amended), as of December 31, 2019. Based on such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of December 31, 2019 as a result of the material weaknesses described below. We are undertaking the remedial steps to address the material weaknesses in our disclosure controls and procedures as set forth below under "Management's Plan for Remediation of Current Material Weaknesses."

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) and for the assessment of the effectiveness of our internal control over financial reporting. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our chief executive officer (*principal executive officer*) and chief financial officer and chief operating officer (*principal financial officer*), management conducted an assessment of our internal control over financial reporting based upon the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

In connection with the preparation of our financial results for the year ended December 31, 2018, our management concluded that, as of December 31, 2018, our internal control over financial reporting was not effective as a result of three material weaknesses in our internal control over financial reporting related to: (i) the closing and consolidation process due to (a) an inadequate segregation of

duties and a lack of resources, which did not allow some tasks to be adequately reviewed and (b) a lack of a consolidation tool, which led to difficulties in documenting an appropriate audit trail of entries made; (ii) the monitoring of research and development projects, as controls designed to track actual costs incurred against invoices received were not operating at a sufficient level of precision due to insufficient personnel with an appropriate level of knowledge and training in internal control over complex processes; and (iii) the lack of sufficiently developed and documented internal controls for our U.S. subsidiary.

In connection with our assessment as of December 31, 2019, our management concluded that the following two material weaknesses have not been remediated as of December 31, 2019:

Monitoring of Research and Development Projects.

As of December 31, 2018, we identified a material weakness related to the monitoring of research and development projects, as controls designed to track actual costs incurred compared to invoices received were not operating at a sufficient level of precision due to insufficient personnel with an appropriate level of knowledge and training in internal control over complex processes.

To remediate this material weakness and enhance our overall control environment during the year ended December 31, 2019, we worked on the reinforcement of internal controls implemented at the operating level and in particular, controls relating to the tracking of actual costs compared to invoices received, combined with a specific training provided to employees whose job functions impact our control activities, including members of the research and development department.

We believe the remediation plan described above improved the reliability of financial information related to research and development as the precision of controls relating to the tracking of actual costs compared to invoiced amounts was improved. Nevertheless, our management identified that the hiring of a financial professional dedicated to monitoring specific research and development projects was necessary to fully remediate this material weakness. Despite an active search, the position has not been filled as of December 31, 2019.

Internal Control of U.S. Subsidiary.

As of December 31, 2018, we identified a material weakness related to the lack of sufficiently developed and documented internal controls for our U.S. subsidiary, ERYTECH Pharma Inc.

To remediate this material weakness, we took number of actions to improve internal control over financial reporting related to our U.S subsidiary during the year ended December 31, 2019, including the following:

- defining the appropriate organization model and hiring a U.S. Head of Finance and a Financial Controller who have the appropriate experience, certification, education, and training in financial reporting, accounting and internal control; and
- designed and implemented a controls framework for all key processes to ensure that the process-level risks of possible misstatement in our financial reporting are identified and mitigated.

However, we failed to fully remediate this material weakness since we have not yet designed, implemented and maintained effective controls over certain information technology systems supporting our U.S operations that are relevant to the preparation of the consolidated financial statements. Specifically, we did not design and maintain user access controls to appropriately segregate duties and adequately restrict user and privileged access to certain financial applications, data and programs to the appropriate personnel.

As a result of the two material weaknesses described above, management concluded our internal control over financial reporting was not effective as of December 31, 2019 at the reasonable assurance level.

Remediation of Previously Identified Material Weakness in Internal Control over Financial Reporting

In connection with the preparation of our financial results for the year ended December 31, 2018, our management concluded that, as of December 31, 2018, our internal control over financial reporting was not effective as a result of three material weaknesses in our internal control over financial reporting. One of these material weaknesses was related to the closing and consolidation process, due to an inadequate segregation of duties and a lack of resources which did not allow some tasks to be adequately reviewed, as well as a lack of a consolidation tool that led to difficulties in documenting an appropriate audit trail of entries made. As a result of the remediation activities described below, as of December 31, 2019, management has concluded that this material weakness has been fully remediated.

In response to this material weakness, we took a number of actions to improve our internal control over financial reporting during the year ended December 31, 2019, including the following:

- the reinforcement of our finance team with the hiring of a Consolidation Manager in February 2019. This employee has assisted our finance team in validating the consolidation process by ensuring that tasks were adequately reviewed and by ensuring an adequate segregation of duties; and
- the implementation of a consolidation software to ensure a proper audit trail.

Management's Plan for Remediation of Current Material Weaknesses

With the oversight of senior management and our audit committee, we continue to evaluate our internal control over financial reporting and are taking several remediation actions to address the two material weaknesses that were not remediated as of December 31, 2019:

Monitoring of Research and Development Projects

Going forward, we plan to continue to:

- reinforce our team dedicated to the monitoring of research and development projects for which process level control have not been considered as effective;
- strengthen controls over our financial information related to research and development to detect and correct errors.

Lack of Effective Control Over IT System Supporting Financial U.S Activities

At the end of 2019, we hired of a new staff accountant to ensure that the defined segregation of duties is also designed, implemented and maintained at an operational level.

Going forward, we plan to:

- define the segregation of duties that we wish to implement in our U.S. subsidiary; and
- design, implement and maintain effective controls over certain information technology systems supporting our U.S operations that are relevant to the preparation of the consolidated financial statements, and in particular user access controls, to ensure that this defined segregation of duties is reflected in our IT systems.

Notwithstanding the material weaknesses, our management has concluded that the financial statements included elsewhere in this Annual Report present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with IFRS.

Our independent registered public accounting firm has not assessed the effectiveness of our internal control over financial reporting, which may increase the risk that weaknesses or deficiencies in our internal control over financial reporting go undetected.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of our registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for emerging growth companies.

Changes in Internal Control over Financial Reporting

Other than the material weaknesses and the remediation activities described above, there were no changes in our internal control over financial reporting during the year ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16. Reserved.

Not applicable.

Item 16A. Audit Committees Financial Expert.

Our board of directors has determined that Ms. Windels is an audit committee financial expert as defined by SEC rules and regulations and each of the members of our board of directors has the requisite financial sophistication under the applicable rules and regulations of the Nasdaq Stock Market. Ms. Windels is independent as such term is defined in Rule 10A-3 under the Exchange Act and under the listing standards of the Nasdaq Stock Market.

Item 16B. Code of Business Conduct and Ethics.

We have adopted a Code of Business Conduct and Ethics, or the Code of Ethics, that is applicable to all of our employees, executive officers and directors. A copy of the Code of Ethics is available on our website at *www.erytech.com*. The audit committee of our board of directors is responsible for overseeing the Code of Ethics and must approve any waivers of the Code of Ethics for employees, executive officers and directors. We expect that any amendments to the Code of Ethics, or any waivers of its requirements, will be disclosed on our website.

Item 16C. Principal Accountant Fees and Services.

KPMG S.A., or KPMG, has served as our independent registered public accounting firm for the years ended December 31, 2018 and 2019. Our accountants billed the following fees to us for professional services in each of those fiscal years, all of which were approved by our audit committee:

	Year Ended December 31,	
	2018	2019
	(in thousands of €)	
Audit Fees	253	322
Audit-Related Fees	—	74
All Other Fees	—	—
Total	**253**	**396**

"Audit Fees" are the aggregate fees billed for the audit of our annual financial statements. This category also includes services that KPMG provides, such as consents and assistance with and review of documents filed with the SEC.

"Audit-Related Fees" are the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit and are not reported under Audit Fees.

"All Other Fees" are additional amounts billed for products and services provided by KPMG.

There were no "Tax Fees" billed or paid during 2018 or 2019.

Audit and Non-Audit Services Pre-Approval Policy

The audit committee has responsibility for appointing, setting compensation of and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the audit committee has adopted a policy governing the pre-approval of all audit and permitted non-audit services performed by our independent registered public accounting firm to ensure that the provision of such services does not impair the independent registered public accounting firm's independence from us and our management. Unless a type of service to be provided by our independent registered public accounting firm has received general pre-approval from the audit committee, it requires specific pre-approval by the audit committee. The payment for any proposed services in excess of pre-approved cost levels requires specific pre-approval by the audit committee.

Pursuant to its pre-approval policy, the audit committee may delegate its authority to pre-approve services to the chairperson of the audit committee. The decisions of the chairperson to grant pre-approvals must be presented to the full audit committee at its next scheduled meeting. The audit committee may not delegate its responsibilities to pre-approve services to the management.

The audit committee has considered the non-audit services provided by KPMG as described above and believes that they are compatible with maintaining KPMG's independence as our independent registered public accounting firm.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant.

Not applicable.

Item 16G. Corporate Governance.

As a French *société anonyme*, we are subject to various corporate governance requirements under French law. In addition, as a foreign private issuer listed on the Nasdaq Global Select Market, we are subject to Nasdaq corporate governance listing standards. However, the corporate governance standards provide that foreign private issuers are permitted to follow home country corporate governance practices in lieu of Nasdaq rules, with certain exceptions. We currently rely on these exemptions for foreign private issuers and follow French corporate governance practices in lieu of the Nasdaq corporate governance rules, which would otherwise require that (1) a majority of our board of directors consist of independent directors; (2) we establish a nominating and corporate governance committee; and (3) our remuneration committee be composed entirely of independent directors.

The following are the significant ways in which our corporate governance practices differ from those required for U.S. companies listed on Nasdaq:

As a foreign private issuer, we are required to comply with Rule 10A-3 of the Exchange Act, relating to audit committee composition and responsibilities. Rule 10A-3 provides that the audit committee must have direct responsibility for the nomination, compensation and choice of our auditors, as well as control over the performance of their duties, management of complaints made, and selection of consultants. However, if the laws of a foreign private issuer's home country require that any such matter be approved by the board of directors or the shareholders, the audit committee's responsibilities or powers with respect to such matter may instead be advisory. Under French law, the audit committee may only have an advisory role and appointment of our statutory auditors, in particular, must be decided by the shareholders at our annual meeting.

In addition, Nasdaq rules require that a listed company specify that the quorum for any meeting of the holders of common stock be at least 33 $^1/_3$% of the outstanding shares of the company's voting stock. Consistent with French law, our bylaws provide that a quorum requires the presence of shareholders having at least (1) 20% of the shares entitled to vote in the case of an ordinary shareholders' general meeting or at an extraordinary shareholders' general meeting where shareholders are voting on a capital increase by capitalization of reserves, profits or share premium, or (2) 25% of the shares entitled to vote in the case of any other extraordinary shareholders' general meeting. If a quorum is not present, the meeting is adjourned. There is no quorum requirement when an ordinary general meeting is reconvened, but the reconvened meeting may consider only questions which were on the agenda of the adjourned meeting. When an extraordinary general meeting is reconvened, the quorum required is 20% of the shares entitled to vote, except where the reconvened meeting is considering capital increases through capitalization of reserves, profits or share premium. For these matters, no quorum is required at the reconvened meeting. If a quorum is not present at a reconvened meeting requiring a quorum, then the meeting may be adjourned for a maximum of two months.

Item 16H. Mine Safety Disclosure.

Not applicable.

PART III

Item 17. Financial Statements.

See the financial statements beginning on page F-1 of this Annual Report.

Item 18. Financial Statements.

Not applicable.

Item 19. Exhibits.

The exhibits listed below are filed as exhibits to this Annual Report.

		Incorporated by Reference			
Exhibit	Description	Schedule/ Form	File Number	Exhibit	File Date
1.1	Bylaws (*statuts*) of the registrant (English translation)	20-F	001-38281	1.1	April 24, 2018
2.1	Amended and Restated Deposit Agreement	20-F	001-38281	2.1	April 24, 2018
2.2	Form of American Depositary Receipt (included in Exhibit 2.1)	20-F	001-38281	2.2	April 24, 2018
2.3*	Description of Securities				
4.1	Lease Agreement by and between the registrant and PFO2 SCPI (represented by PERIAL Asset Management SASU), dated June 9, 2015 (English translation)	F-1	333-220867	10.1	October 6, 2017
4.2	Addendum #1 to the Lease Agreement by and between the registrant and PF02 SCPI (represented by PERIAL Asset Management SASU), dated December 30, 2016 (English translation)	F-1	333-220867	10.2	October 6, 2017
4.3	Lease Agreement by and between the registrant and EUROGAL, dated December 6, 2017 (English Translation)	20-F	001-38281	4.3	April 24, 2018
4.4	Lease by and between the registrant and 104 Campus Drive LLC, dated April 27, 2018	20-F	001-38281	4.4	March 29, 2019
4.7#	Exclusive Distribution Agreement by and between the registrant and Abic Marketing Limited, dated as of March 28, 2011	F-1	333-220867	10.5	October 6, 2017
4.8#	Exclusive Supply Agreement for L-asparaginase by and between the registrant and medac GmbH, dated as of December 12, 2008 and Addendum #1 to the Exclusive Supply Agreement for L-Asparaginase, dated August 19, 2009	F-1	333-220867	10.6	October 6, 2017
4.9#	Exclusive Supply Agreement for recombinant L-asparaginase by and between the registrant and medac GmbH, dated as of May 3, 2011 and Addendum #1 to the Exclusive Supply Agreement for recombinant L-asparaginase, dated April 4, 2014	F-1	333-220867	10.7	October 6, 2017
4.10	Addendum #2 to the Exclusive Supply Agreement for L-asparaginase by and between the registrant and medac GmbH, dated July 25, 2016	F-1	333-220867	10.8	October 6, 2017
4.11#	Addendum #2 to the Exclusive Supply Agreement for recombinant L-asparaginase by and between the registrant and medac GmbH, dated July 25, 2016	F-1	333-220867	10.9	October 6, 2017
4.12#	Patent License Agreement by and between the registrant and the Public Health Service, dated as of June 19, 2012	F-1	333-220867	10.10	October 6, 2017
4.13†	Form of indemnification agreement between the registrant and each of its executive officers and directors	F-1	333-220867	10.11	October 6, 2017
4.14†	Summary of BSA Plans	F-1	333-220867	10.12	October 6, 2017
4.15†	Summary of BSPCE Plans	F-1	333-220867	10.13	October 6, 2017
4.16†	2016 Share Option Plan (English translation)	F-1	333-220867	10.14	October 6, 2017
4.17†	2016 Free Share Plan (English translation)	F-1	333-220867	10.15	October 6, 2017

Exhibit	Description	Incorporated by Reference			
		Schedule/ Form	File Number	Exhibit	File Date
4.18†	2017 Share Option Plan (English translation)	S-8	333-222673	99.5	January 24, 2018
4.19†	2017 Free Share Plan (English translation)	S-8	333-222673	99.6	January 24, 2018
4.20†	2018 Share Option Plan (English translation)	S-8	333-232670	99.2	July 16, 2019
4.21†	2018 Free Share Plan (English translation)	S-8	333-232670	99.3	July 16, 2019
4.22†*	2019 Share Option Plan (English translation)				
4.23†*	2019 Free Share Plan (English translation)				
4.24^*	License and Collaboration Agreement by and between the registrant and SQZ Biotechnologies Company, dated June 24, 2019				
4.25†*	Executive Employment Agreement by and between the registrant and Gil Beyen, dated as of April 1, 2019				
8.1	List of subsidiaries of the registrant	F-1	333-220867	21.1	October 6, 2017
12.1*	Certification by the Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
12.2*	Certification by the Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
13.1**	Certification by the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
15.1*	Consent of KPMG S.A.				
101.INS*	XBRL Instance Document				
101.SCH*	XBRL Taxonomy Extension Schema Document				
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document				

* Filed herewith.
** Furnished herewith.
† Indicates a management contract or any compensatory plan, contract or arrangement.
# Confidential treatment has been granted from the Securities and Exchange Commission as to certain portions of this document.
^ Portions of this document (indicated by "[***]") have been omitted because they are not material and would likely cause competitive harm to ERYTECH Pharma S.A. if disclosed.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

ERYTECH Pharma S.A.

By: /s/ Gil Beyen
Name: Gil Beyen
Title: Chief Executive Officer

Date: March 17, 2020

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Erytech Pharma S.A. and subsidiary (the Company) as of December 31, 2019, 2018 and 2017, the related consolidated statements of income (loss), comprehensive income (loss), change in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Change in Accounting Principle

As discussed in Note 2.6 to the consolidated financial statements, the Company has changed its method of accounting for leases on January 1, 2019, due to the adoption of IFRS 16 "Leases".

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2004.

Lyon, on the 17 March 2020

Sara Righenzi de Villers
Partner

CONSOLIDATED STATEMENT OF INCOME (LOSS)

(Amounts in thousands of euros, except loss per share)	Notes	12/31/2017	12/31/2018	12/31/2019
Revenues		—	—	—
Other income	**3.1**	3,364	4,447	5,283
Operating income		**3,364**	**4,447**	**5,283**
Research and development	**3.2.1**	(25,463)	(33,468)	(52,193)
General and administrative	**3.2.2**	(8,791)	(14,600)	(17,164)
Operating expenses		**(34,254)**	**(48,068)**	**(69,357)**
Operating loss		**(30,889)**	**(43,621)**	**(64,074)**
Financial income	**3.5**	539	5,427	2,947
Financial expenses	**3.5**	(3,183)	(29)	(1,533)
Financial income (loss)		**(2,644)**	**5,399**	**1,414**
Income tax	**3.6**	3	(2)	1
Net loss		**(33,530)**	**(38,224)**	**(62,659)**
Basic / Diluted loss per share (€/share)	**3.7**	**(2.95)**	**(2.13)**	**(3.49)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(Amounts in thousands of euros)		12/31/2017	12/31/2018	12/31/2019
Net loss		**(33,530)**	**(38,224)**	**(62,659)**
Elements that may be reclassified subsequently to income (loss)				
Foreign subsidiary – Currency translation adjustment	**2.4**	(38)	15	1,237
Elements that may not be reclassified subsequently to income (loss)				
Actuarial gains or losses on defined benefits liability		8	(60)	(38)
Tax effect		(3)	3	—
Other comprehensive income (loss)		**(33)**	**(42)**	**1,199**
Total comprehensive loss		**(33,563)**	**(38,266)**	**(61,460)**

The Company applied IFRS 16 standard for the first time as of January 1, 2019, using the modified retrospective approach. Under this approach, the comparative information is not restated (see note 2.6).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of euros)	Notes	As of December 31, 2017	December 31, 2018	December 31, 2019
ASSETS				
Non-current assets				
Intangible assets	**4.1.1**	53	1,613	603
Property, plant and equipment	**4.1.2**	3,406	15,274	25,632
Right of use	**4.2**	—	—	10,009
Other non-current financial assets	**4.3**	234	1,046	718
Total non-current assets		**3,693**	**17,933**	**36,963**
Current assets				
Other current financial assets	**4.3**	—	—	41
Inventories	**4.4**	176	1,396	358
Trade and other receivables	**4.5**	76	30	36
Other current assets	**4.5**	5,791	14,111	7,975
Cash and cash equivalents	**4.6**	185,525	134,371	73,173
Total current assets		**191,568**	**149,907**	**81,583**
TOTAL ASSETS		**195,261**	**167,840**	**118,546**

(Amounts in thousands of euros)	Notes	As of December 31, 2017	December 31, 2018	December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital		1,794	1,794	1,794
Premiums related to share capital		281,745	281,745	281,688
Reserves		(68,386)	(99,524)	(136,608)
Translation reserve		(203)	(188)	1,344
Net loss for the period		(33,530)	(38,224)	(62,659)
Total shareholders' equity	**4.7**	**181,419**	**145,602**	**85,560**
Non-current liabilities				
Provisions - non-current portion	**4.8**	214	347	506
Financial liabilities – non-current portion	**4.9**	2,019	1,243	1,321
Lease liabilities - non-current portion	**4.10**	—	—	11,278
Deferred tax		3	—	—
Total Non-current liabilities		**2,236**	**1,590**	**13,105**
Current liabilities				
Provisions - current portion		—	—	71
Financial liabilities – current portion	**4.9**	824	776	99
Lease liabilities - current portion	**4.10**	—	—	1,425
Trade and other payables	**4.11**	8,076	16,655	13,775
Other current liabilities	**4.11**	2,706	3,217	4,510
Total current liabilities		**11,606**	**20,648**	**19,881**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**195,261**	**167,840**	**118,546**

The Company applied IFRS 16 standard for the first time as of January 1, 2019, using the modified retrospective approach. Under this approach, the comparative information is not restated (see note 2.6).

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in thousands of euros)	Notes	12/31/2017	12/31/2018 (1)	12/31/2019
Cash flows from operating activities				
Net loss		**(33,530)**	**(38,224)**	**(62,659)**
Reconciliation of net loss and the cash used for operating activities				
Gain or loss on exchange (calculated)		3,159	(3,981)	(1,816)
Amortization and depreciation	**3.4**	532	797	4,216
Provision	**3.4**	57	73	192
Net booked value of scrapped fixed assets	**4.1.2**	—	—	42
Expenses related to share-based payments	**3.3**	1,769	2,449	1,359
Interest expense		23	4	484
Income tax expense (income)	**3.6**	(3)	2	(1)
Change in assets and liabilities in foreign currency		(38)	15	1,144
Operating cash flow before change in working capital		**(28,031)**	**(38,864)**	**(57,040)**
(Increase) decrease in inventories	**4.4**	(31)	(1,219)	1,038
(Increase) decrease in trade and other receivables	**4.5**	142	47	(7)
(Increase) decrease in other current assets	**4.5**	(1,266)	(8,321)	6,150
Increase (decrease) in trade and other payables	**4.11**	3,243	(8)	5,993
Increase (decrease) in other current liabilities	**4.11**	1,241	508	556
Change in working capital		**3,329**	**(8,994)**	**13,730**
Net cash flow used in operating activities		**(24,702)**	**(47,857)**	**(43,310)**
Cash flows from investing activities				
Acquisition of property, plant and equipment	**4.1.1**	(1,664)	(5,635)	(20,117)
Acquisition of intangible assets	**4.3**	(25)	(3)	(16)
Increase in non-current & current financial assets	**4.3**	(102)	(812)	(119)
Decrease in non-current & current financial assets	**4.3**	—	—	414
Net cash flow used in investing activities		**(1,791)**	**(6,450)**	**(19,838)**
Cash flows from financing activities				
Capital increases, net of transaction costs	**4.7**	177,576	—	—
Subscription of warrants		—	—	47
Proceeds from borrowings	**4.9**	421	—	—
Repayment of borrowings	**4.9**	(452)	(818)	(738)
Allowance received from a lessor	**4.10**	—	—	1,866
Repayment of lease debt (IFRS 16)	**4.10**	—	—	(978)
Interests received (paid)		—	—	(195)
Other change in financial liabilities	**4.9**	—	—	38
Net cash flow from (used in) financing activities		**177,545**	**(818)**	**40**
Exchange rate effect on cash in foreign currency		(3,183)	3,981	1,910
Increase (Decrease) in cash and cash equivalents		**147,869**	**(51,144)**	**(61,198)**
Net cash and cash equivalents at the beginning of the period	**4.6**	37,646	185,514	134,371
Net cash and cash equivalents at the closing of the period	**4.6**	185,514	134,371	73,173
Cash paid for interest		115	14	195
Cash paid for income tax		—	—	—

(1) See note 2.8.

The Company applied IFRS 16 standard for the first time as of January 1, 2019, using the modified retrospective approach. Under this approach, the comparative information is not restated (see note 2.6).

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Amount in thousands of euros, except number of shares)	Share capital	Premiums related to the share capital	Reserves	Translation reserve	Net income (loss)	Total shareholders' equity
At December 31, 2016	**873**	**105,090**	**(48,247)**	**(165)**	**(21,913)**	**35,638**
Net loss for the period					(33,530)	(33,530)
Other comprehensive income			5	(38)		(33)
Total comprehensive income (loss)	**—**	**—**	**5**	**(38)**	**(33,530)**	**(33,563)**
Allocation of prior period loss			(21,913)		21,913	—
Issue of ordinary shares (1)	921					921
Additional paid in capital (1)		176,655				176,655
Share-based payment			1,769			1,769
At December 31, 2017	**1,794**	**281,745**	**(68,386)**	**(203)**	**(33,530)**	**181,419**
Net loss for the period					(38,224)	(38,224)
Other comprehensive income			(58)	15		(42)
Total comprehensive income (loss)	**—**	**—**	**(58)**	**15**	**(38,224)**	**(38,266)**
Allocation of prior period loss			(33,530)		33,530	—
Issue of ordinary shares	0	(0)				0
Share-based payment			2,449			2,449
At December 31, 2018	**1,794**	**281,745**	**(99,524)**	**(188)**	**(38,224)**	**145,602**
Net loss for the period					(62,659)	(62,659)
Other comprehensive income			(38)	1,237		1,199
Total comprehensive income (loss)	**—**	**—**	**(38)**	**1,237**	**(62,659)**	**(61,460)**
Allocation of prior period loss			(38,224)		38,224	—
Issue of warrants		59				59
Share-based payment			1,359			1,359
Reclassification	0	(115)	(180)	295		—
At December 31, 2019	**1,794**	**281,688**	**(136,608)**	**1,344**	**(62,659)**	**85,560**

(1) Fundraising in April 2017 for a total amount (net of transaction costs) of €65 million and global underwritten offering as part of the Company's U.S. initial public offering in November 2017 for a total amount (net of transaction costs) of €112 million.

The Company applied IFRS 16 standard for the first time as of January 1, 2019, using the modified retrospective approach. Under this approach, the comparative information is not restated (see note 2.6).

The notes are an integral part of the accompanying Consolidated Financial Statements. The Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors on March 12, 2020.

1. DESCRIPTION OF THE BUSINESS

ERYTECH Pharma S.A. ("**ERYTECH**," and together with its subsidiary the "**Company**") is incorporated in Lyon, France, and was founded in 2004 to develop and market innovative red blood cell-based therapeutics for cancer and orphan diseases. The Company's most advanced product candidates are being developed for the treatment of pancreatic cancer.

The Company completed its initial public offering on Euronext Paris in May 2013, raising €17.7 million and a follow-on offering of €30.0 million (on a gross basis before deducting offering expenses), in October 2014. The initial public offering triggered the conversion of the totality of the convertible bonds previously issued. Two private placements of respectively 940,000 ordinary and 793,877 ordinary shares for €25.4 million and €9.9 million (on a gross basis before deducting offering expenses) were completed in December 2015 and 2016 with institutional investors in the United States and in Europe. In April 2017, the Company completed a follow-on offering of €70.5 million (on a gross basis before deducting offering expenses). The Company completed an initial public offering on the Nasdaq Global Select Market raising €124 million ($144 million on a gross basis before deducting offering expenses).

The Company has incurred losses and negative cash flows from operating activities since its inception and had shareholders' equity of €85,560 thousand as of December 31, 2019 as a result of several financing rounds, including an initial public offering. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant revenue from its product candidates in development. Substantial additional financing will be needed by the Company to fund its operations and to commercially develop its product candidates.

The Company's future operations are highly dependent on a combination of factors, including: (i) the success of its research and development; (ii) regulatory approval and market acceptance of the Company's proposed future products; (iii) the timely and successful completion of additional financing; and (iv) the development of competitive therapies by other biotechnology and pharmaceutical companies. As a result, the Company is and should continue, in the short to mid-term, to be financed through partnership agreements for the development and commercialization of its drug candidates and through the issuance of new debt or equity instruments.

The accompanying consolidated financial statements and related notes (the "**Consolidated Financial Statements**") present the operations of ERYTECH Pharma S.A. and its subsidiary, ERYTECH Pharma, Inc.

Registered office of ERYTECH Pharma S.A.: 60 avenue Rockefeller, 69008, Lyon, France.

Major events of 2019

Business

May 2019:

- Acceptance by the U.S. Food and Drug Administration (FDA) of the Company's Investigational New Drug (IND) application for eryaspase, consisting of the enzyme L-asparaginase encapsulated inside donor derived red blood cells. The acceptance of the IND will enable ERYTECH to initiate enrollment at U.S. clinical trial sites for its ongoing pivotal Phase 3 TRYbeCA-1 trial evaluating eryaspase in second-line pancreatic cancer.

June 2019:

- Opening of a new U.S.-based GMP manufacturing facility in Princeton, New Jersey, United States. The facility will support production capacity needs for eryaspase, the Company's lead product candidate, for patients in the United States.

- The Company signed an agreement with SQZ Biotechnologies (SQZ), a cell therapy company developing novel treatments in multiple therapeutic areas, to collaborate on the advancement of novel red blood cell-based therapeutics for immune modulation. The Company is eligible to receive up to $57 million in combined upfront and potential development, regulatory and commercial milestone payments for the first product successfully developed by SQZ under this agreement. The Company will also be eligible to receive sales royalties.
- Enrollment of first patient in the Phase 2 clinical trial, named TRYbeCA-2, evaluating the Company's lead product candidate, eryaspase, for the treatment of first line triple negative breast cancer (TNBC).

November 2019:

- The Company achieved two important milestones for the TRYbeCA-1 Phase 3 clinical trial of eryaspase in second line metastatic pancreatic cancer. TRYbeCA-1 was opened for patient enrollment in the United States and the first site was activated. The Company expects to expand the trial to approximately 100 sites across several European countries and the United States. The manufacturing of eryaspase for the patients to be treated in the United States will take place at the Company's newly established manufacturing facility in Princeton, New Jersey.
- Publication of the full results from the Phase 2b trial evaluating eryaspase in metastatic pancreatic in the *European Journal of Cancer*.

Management

January 2019:

- Grant of 36,150 free shares and 38,025 stock-options to employees.
- Eric Soyer was appointed as Deputy General Manager of the Company.

April 2019:

- Grant of 94,200 free shares (of which 36,000 to executives and 58,200 to employees), 76,905 stock-options (of which 44,200 to executives and 32,705 to employees) and 25,998 warrants to members of the board of directors.

June 2019:

- Dr. Jean-Paul Kress was appointed as Chairman of the Board of Directors by the Board of Directors following his appointment as board member at the Company's Annual General Meeting of Shareholders held on June 21, 2019. Dr. Kress has over 25 years' experience as a senior executive officer in international biotechnology and pharmaceutical groups. He was Chairman and Chief Executive Officer of Syntimmune (Cambridge, MA, US) until the end of 2018, when the company was acquired by Alexion Pharmaceuticals.

July 2019:

- Grant of 59,123 stock-options to executives.

October 2019:

- Grant of 300,941 free shares (of which 149,999 to executives and 150,942 to employees), 347,250 stock-options (of which 217,500 to executives and 129,750 to employees) and 75,000 warrants to members of the board of directors.

Major events of 2018

June 2018:

- The Company announced that it will focus its development efforts for the product candidate eryaspase on the potential treatment of selected solid tumor indications. The Company also announced its plans to

cease the development program for eryaspase in ALL, including the withdrawal of its previously submitted European MAA for eryaspase for the treatment of relapsed and refractory ALL.

- The Company signed a lease agreement in order to establish a manufacturing facility in the United States (Princeton, New Jersey).

Major events of 2017

April 2017:

- The Company completed a private placement of 3,000,000 ordinary shares with investors in the United States and Europe, for total gross proceeds of approximately €70.5 million.

November 2017:

- The Company completed an underwritten global offering of an aggregate of 6,180,137 ordinary shares, including the full exercise of the underwriters' options to purchase additional shares, for gross proceeds of $144 million. The global offering consisted of a U.S. initial public offering of 5,389,021 American Depositary Shares, each representing one ordinary share and a concurrent private placement in Europe and other countries outside of the United States and Canada of 791,116 ordinary shares. The net proceeds from the global offering were approximately €112 million ($130 million).

2. ACCOUNTING RULES AND METHODS

The presentation of the notes to the Consolidated Financial Statements has been modified compared to those used for the years ended until December 31, 2018. The changes concerned the organization and the ranking of the notes. They are designed to increase the readability of the financial statements prepared in IFRS. Most of the accounting rules and methods, previously in note 4, are now included in each reference note in order to ensure that the reader can more easily understand the financial information presented. The basis of preparation of the financial statements, the use of estimates and judgments and the changes in accounting policies are still detailed in note 2.

2.1 Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with the underlying assumptions of going concern as the Company's loss-making situation is explained by the innovative nature of the products developed, therefore involving a multi-year research and development phase.

The Company has historically financed its growth by strengthening its equity in the form of capital increases and issuance of convertible bonds.
At the approval date of the financial statements, the Board of Directors believes that the Company will be able to fund its operations until February 2021, considering:

- Cash and cash equivalents held by the Company amounted to 73.2 million euros as of December 31, 2019. They are composed of cash and term deposits readily available without penalty;
- The collection of a subsidy and a reimbursable advance from BPI France in February 2021 (€3.3 million);
- The expected receipt of the Research Tax Credit for the 2019 financial year (€3.9 million);
- The cash consumption forecasted for 2020 and early 2021.

Considering the above factors and assumptions, the Company believes that it is able to fund its operations during the 12 months after the closing date.
From February 2021, the Company will have to find additional funding. Various financing sources are considered among the issuance of new debt or equity instruments and partnership agreements.

2.2 Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("**IASB**") and were approved and authorized for issuance by the Board of Directors of the Company on March 12, 2020. They will be subject to the approval of the General Meeting on June 26, 2020.

Due to the listing of ordinary shares of the Company on Euronext Paris and in accordance with the European Union's regulation No. 1606/2002 of July 19, 2002, the Consolidated Financial Statements of the Company are also prepared in accordance with IFRS, as adopted by the European Union (EU).

As of December 31, 2019, all IFRS that the IASB had published and that are mandatory are the same as those endorsed by the EU and mandatory in the EU. As a result, the Consolidated Financial Statements comply with International Financial Reporting Standards as published by the IASB and as adopted by the EU.

IFRS include International Financial Reporting Standards ("**IFRS**"), International Accounting Standards ("**IAS**"), as well as the interpretations issued by the Standing Interpretations Committee ("**SIC**"), and the International Financial Reporting Interpretations Committee ("**IFRS IC**"). The main accounting methods used to prepare the Consolidated Financial Statements are described below. These methods were used for all periods presented.

The Company adopted the following standards, amendments and interpretations that are applicable as at January 1, 2019:

- IFRS 16 - *Leases*;
- IFRIC 23 - *Uncertainty over income tax treatments*;
- Amendments to IFRS 9 - *Prepayment features with negative compensation*;
- Amendments to IAS 28 - *Long term Interests in Associates and Joint Ventures*;
- Amendments to IAS 19 - *Plan Amendment, Curtailment or Settlement*;
- Annual Improvements to IFRS Standards 2015-2017 Cycle.

These new texts did not have any significant impact on the Company's results or financial position, with the exception of IFRS 16 (see note 2.6).

The standards and interpretations that are optionally applicable to the Company as of December 31, 2019 were not applied in advance.

Recently issued accounting pronouncements that may be relevant to the Company's operations but have not yet been adopted are as follows:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3 - *Business Combinations;*
- Amendments to IAS 1 and IAS 8: Definition of Material.

2.3 Basis of consolidation

In accordance with IFRS 10 *Consolidated Financial Statements (*"**IFRS 10**"), an entity is consolidated when it is controlled by the Company. The Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intra-company balances, transactions and dividends are eliminated in full. The Company has one subsidiary for which no non-controlling interest is recognized.

Details of the Company's subsidiary as of December 31, 2019 are as follows:

	Date of Incorporation	Percent of Ownership Interest	Accounting Method
ERYTECH Pharma, Inc.	April 2014	100%	Fully consolidated

2.4 Foreign currencies

Functional Currency and Translation of Financial Statements into Presentation Currency

The Consolidated Financial Statements are presented in euros, which is also the functional currency of the parent company, ERYTECH Pharma S.A. (the "**Parent Company**"). The statement of financial position of the consolidated entity having a functional currency different from the euro are translated into euros at the closing exchange rate (spot exchange rate at the statement of financial position date) and the statement of income (loss), statement of comprehensive income (loss) and statement of cash flow of such consolidated entity are translated at the average exchange rate for the period, except if exchanges rates fluctuate significantly. The resulting translation adjustment is included in other comprehensive income (loss) as a cumulative translation adjustment.

Exchange rate (USD per EUR)	December 31, 2017	December 31, 2018	December 31, 2019
Weighted average rate	1.1293	1.1815	1.1196
Closing rate	1.1993	1.1450	1.1234

Conversion of Foreign Currency Transactions

Foreign currency transactions are converted to functional currency (euros) at the exchange rate applicable on the transaction date. At the closing date, foreign currency monetary assets and liabilities are converted at the exchange rate prevailing on that date. The resulting exchange gains or losses are recorded in the consolidated statement of income (loss) in "Financial income (loss)".

The loan in U.S. dollars from the Parent Company to ERYTECH Pharma, Inc. was considered as part of the net investment in a foreign operation until the end of the third quarter of 2019, when the loan was partly converted into capital and partly restructured as a medium term loan. As a result of this financial restructuring, the loan is no longer qualified as an investment in a foreign operation. Exchange rate differences are recognized in the consolidated statement of income (loss) since October 1, 2019 (see note 3.5).

2.5 Use of estimates and judgments

Preparation of the consolidated financial statements in accordance with the rules prescribed by the IFRS requires the use of estimates and the formulation of assumptions having an impact on the financial statements. These estimates can be revised where the circumstances on which they are based change. The actual results may therefore differ from the estimates initially formulated. The use of estimates and judgment relate primarily to the measurement of share-based payments (Note 3.3.3) and the new judgments linked to the accounting treatment of the leases in accordance with IFRS 16(see note 2.6).

2.6 Change in accounting policies

The Company applied IFRS 16 - *Leases* for the first time as of January 1, 2019.

IFRS 16 eliminates the distinction between operating leases and finance leases and requires all leases to be recognized on the lessee's balance sheet, in the form of an asset (representing the right to use the rented asset during the duration of the contract) and of a liability (corresponding to the future lease payments). The standard also impacts the presentation of the income statement (allocation of expense between operating loss and financial expenses) and the cash flow statement (allocation of cash outflows between cash flow used in operating activities and cash flow used in financing activities).

The Company has applied the modified retrospective approach. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the transition date, i.e. January 1, 2019. Consequently, the comparative information disclosed for 2017 and 2018 were not restated. They are disclosed as previously in accordance with IAS 17 standard and its interpretations. The consequences of this change in accounting policies are disclosed in detail below.

Definition of a lease

Until the current period, the Company determined at the signing of the contract whether an agreement constituted or included a lease in accordance with the provisions of IFRIC 4 - *Determining Whether an Arrangement Contains a Lease*. As a lessee, the Company previously classified lease agreements as operating or finance leases by assessing whether the contract transferred substantially all the risks and benefits inherent in the ownership in accordance with IAS 17.

The Company now assesses whether a contract is or contains a lease in accordance with IFRS 16, i.e. whether it grants the right to control the use of an identified asset for a certain period in exchange for consideration.

At the transition date, the Company chose to apply the simplification measure of keeping past analyses for the identification of leases and applying IFRS 16 only to contracts previously classified as leases.

Transition information

At the transition date, the lease liability linked to contracts classified as operating leases in accordance with IAS 17 (mainly real estate) was measured at the value of the remaining lease payments discounted at the marginal borrowing rate as of January 1, 2019. The right of use is measured at an amount equal to the lease liability, corrected with lease payments prior to the commencement date or remaining due in the statement of financial position.

For contracts previously classified as finance leases, the value of the right of use and the lease liability as of January 1, 2019 were determined as those of the underlying asset and the lease liability that were calculated in accordance with IAS 17.

The Company has applied exemptions set out in IFRS 16 regarding:

- Contracts with a lease term of 12 months or less at the transition date. These contracts have resulted in an expense of approximately €227 thousand in 2019.
- Contracts for low value assets. These contracts have resulted in an expense of approximately €33 thousand in 2019.

As part of the transition to IFRS 16 as of January 1, 2019, the Company recognized in liabilities a lease liability of €7,734 thousand (see note 4.10) and in assets a right of use of €7,443 thousand (see note 4.2) taking into account a liability of €291 thousand recognized in the statement of financial position as of December 31, 2018.
The discount rates applied for contracts previously classified as operating leases are based on the Company's marginal borrowing rate in accordance with the maturity method and computed on the remaining term of the contracts at the transition date, to which is added a spread which takes into account the total duration of the contract. The average marginal borrowing rate selected as of January 1, 2019 is 1.4% in France and 3.8% in the United States.
The gap between the off-balance sheet commitments disclosed in note 8 of the consolidated financial statements as of December 31, 2018 and the lease liability recognized as of January 1, 2019 in accordance with IFRS 16 (see note 4.10) can be explained as follows:

(Amounts in thousands of euros)

Operating lease commitment as lessee (December 31, 2018)	**8,268**
Unrecognized contracts in accordance with IFRS 16 exemptions	(142)
Differences in the durations used linked to termination and extension options that are reasonably certain to be exercised	5,798
Leases signed in 2018 for an asset available after January 1, 2019	(2,593)
Other (including the improvement allowance (Princeton lease) – see note 4.10)	(2,045)
Non-discounted lease liability under IFRS 16 as of January 1, 2019	**9,285**
Discount effect	(1,551)
Discounted lease liability under IFRS 16 as of January 1, 2019	**7,734**

Impact on financial statements of the period

In accordance with IFRS 16, the Company recognized as of December 31, 2019:

- A right of use (net value) of €10,009 thousand;
- A lease liability of €12,703 thousand;
- A depreciation expense of €1,366 thousand;
- A financial expense of €343 thousand.

2.7 Presentation of the statement of income (loss)

The Company presents its statement of income (loss) by function. As of today, the main activity of the Company is the research and development. Consequently, only “research and development expenses” and “general administrative expenses” functions are considered to be representative. This distinction reflects the analytical assignment of the personnel, external expenses and depreciation and amortization. The detail of the expenses by nature is disclosed in Note 3.2.

2.8 Presentation of the statement of cash flows

The consolidated statements of cash flows are prepared using the indirect method and separately present the cash flows associated with operating, investment, and financing activities.

The statement of cash flow for the financial year ended December 31, 2018 has been amended as compared to the information published in the consolidated financial statements as of December 31, 2018 in order to take into account a classification error considered to be non-significant: the line "acquisition of property, plant and equipment" (investment activities) in the consolidated statement of cash flow included an amount of fixed assets payables not yet paid of €8,587 thousand, which should not have been included in this line but in "Increase (decrease) in trade and other payables" (operating activities).

(Amounts in thousands of euros)	**2018 published as of 12/31/2018**	**2018 amended as of 12/31/2019**
Increase (decrease) in trade and other payables	8,579	(8)
Change in working capital	**(407)**	**(8,994)**
Net cash flow used in operating activities	**(39,270)**	**(47,857)**
Acquisition of property, plant and equipment	(14,222)	(5,635)
Net cash flow used in investing activities	**(15,037)**	**(6,450)**

2.9 Segment reporting

In accordance with IFRS 8 *Operating Segments*, reporting by operating segment is derived from the internal organization of the Company’s activities; it reflects management’s viewpoint and is established based on internal reporting used by the chief operating decision maker (the Chief Executive Officer) to allocate resources and to assess performance.

Information per business segment

The Company operates in a single operating segment: the conducting of research and development of innovative red blood cell-based therapeutics for cancer and orphan diseases in order to market them in the future.

Information per geographical segment

Revenues from external customers (amounts in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
France	178	72	105
United States	—	—	969
Total	**178**	**72**	**1,074**

Non-current assets (amounts in thousands of euros)	12/31/2017	12/31/2018	12/31/2019
France	3,332	4,912	9,616
United States	127	11,975	26,629
Total	**3,459**	**16,887**	**36,245**

2.10 Events after the close of the reporting period

The consolidated statement of financial position and the consolidated statement of income (loss) of the Company are adjusted to reflect the subsequent events that alter the amounts related to the situations that exist as of the closing date.

February 2020 :

- The Company received from BPI France a reimbursable advance of €2,979 thousand and a subsidy of €294 thousand under the milestone n°6 of the TEDAC project.
- Grant of 50,037 free shares and 41,950 stock-options.

3. NOTES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (LOSS)

3.1 Operating income

Accounting policies

Research tax credit

The research tax credit (Crédit d'Impôt Recherche or "CIR") (the "Research Tax Credit") is granted to companies by the French tax authorities in order to encourage them to conduct technical and scientific research. Companies that prove that they have expenditures that meet the required criteria (research expenditures located in France or, since January 1, 2005, within the European Union or in another State that is a party to the Agreement on the European Economic Area that has concluded a tax treaty with France that contains an administrative assistance clause) receive a tax credit that (a) can be used for the payment of the corporate tax due for the fiscal year in which the expenditures were made and the next three fiscal years, or, (b) as applicable, can be reimbursed in cash. The expenses taken into account for the calculation of the Research Tax Credit involve only research expenses.

The Company benefits from the Research Tax Credit since its inception.

The CIR is presented under operating income as it meets the definition of government grant as defined in IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* ("**IAS 20**").

Subsidies

Subsidies received that are not repayable by the Company are recognized as operating income where there exists reasonable assurance that the Company will comply with the conditions attached to the subsidies and the subsidies will be received.

Subsidies that are upfront payments are presented as deferred revenue and recognized ratably through income over the duration of the research program to which the subsidy relates.

A public subsidy that is to be received either as compensation for expenses or for losses already incurred, or for immediate financial support of the Company without associated future costs, is recognized as operating income when there exists reasonable assurance that the subsidies will be received.

Revenues from licenses or other contracts

The standard IFRS 15 *Revenue from contracts with customers* ("**IFRS 15**") is mandatory since January 1, 2018. This standard replaces IAS 18 Revenue ("**IAS 18**") and related interpretations. The first application of IFRS 15 had not significantly changed the amount or the timing of revenue recognition of the Company.

For each of its partnership agreements, the Company determines if it acts as a principal or as an agent.

Partnership with Orphan Europe AML clinical trial

As a result of its prior partnership agreement with Orphan Europe related to the development of Acute Myeloid Leukemia ("**AML**"), the Company re-invoiced, with no margin, certain clinical costs incurred and invoiced to the Company by external providers.

The Company considered that, within the context of this partnership, it acted as agent regarding these reinvoiced external costs, as:

- The Company did not have primary responsibility for provision of the goods or service, the majority of services being provided by third parties, the most significant of which, the Contract Research Organization ("**CRO**"), directly invoiced Orphan Europe. The Company was directly invoiced only for the secondary services.
- The Company bore no inventory risk,
- The Company had no capacity to determine prices, all of the external costs being reinvoiced for the exact amount of the initial invoice, with no margin, and it was not affected by any price changes applied by the suppliers.

Within the context of this same agreement, the Company also invoiced certain internal clinical costs, such as personnel costs associated with the management of clinical trials, or personnel involved in the production of batches necessary for the AML clinical trial.

Consequently, for all the years presented:

- The re-invoicing of external costs to Orphan Europe is presented as a decrease in corresponding research and development expenses incurred by the Company;
- The invoicing of internal costs to Orphan Europe is presented in other income.

Partnership with Orphan Europe NOPHO clinical trial

Within the context of this agreement, Orphan Europe agreed to finance the NOPHO study for a total amount of €600 thousand. This revenue is recognized in "other income" in the statement of income (loss).

License agreement with SQZ Biotechnologies ("SQZ")

Under the terms of the agreement, the Company has granted to SQZ Biotechnologies an exclusive worldwide license to develop antigen specific immune modulating therapies employing red blood cell-based approaches. In accordance with IFRS 15, this agreement grants to SQZ Biotechnologies a right to use the underlying intellectual property ("static license"). Consequently, the income linked to the upfront payment ($1 million) was recognized in June 2019 when SQZ Biotechnologies could begin to use the licensed intellectual property.

The Company does not generate any revenue from the sale of its products considering its stage of development.

(in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Research Tax Credit	3,187	4,375	3,915
Subsidies	—	—	294
Other income	178	72	1,074
Total	**3,364**	**4,447**	**5,283**

Revenues from licenses or other contracts

Revenues from licenses or other contracts are linked to partnership with Orphan Europe in 2017 and 2018 and to the license agreement with SQZ Biotechnologies in 2019 (see note 7).

3.2 Operating expenses by nature

3.2.1 Research and development expenses

For the year ended December 31, 2017 **(amounts in thousands of euros)**	R&D	Clinical studies	**Total**
Consumables	1,859	532	**2,391**
Rental and maintenance	140	496	**636**
Services, subcontracting and fees	1,768	12,407	**14,175**
Personnel expenses	2,088	5,828	**7,916**
Depreciation and amortization	94	169	**263**
Other	37	44	**81**
Total	**5,986**	**19,476**	**25,463**

For the year ended December 31, 2018 (amounts in thousands of euros)	R&D	Clinical studies	**Total**
Consumables	1,061	728	**1,789**
Rental and maintenance	279	526	**805**
Services, subcontracting and fees	5,043	14,589	**19,632**
Personnel expenses	3,013	7,901	**10,914**
Depreciation and amortization	68	192	**260**
Other	38	30	**67**
Total	**9,502**	**23,965**	**33,468**

For the year ended December 31, 2019 (amounts in thousands of euros)	R&D	Clinical studies	**Total**
Consumables	668	6,340	**7,007**
Rental and maintenance	171	1,125	**1,296**
Services, subcontracting and fees	3,543	21,753	**25,296**
Personnel expenses	3,056	11,911	**14,967**
Depreciation, amortization & provision	307	3,229	**3,536**
Other	50	40	**90**
Total	**7,795**	**44,398**	**52,193**

The increase in research and development expenses for periods presented is mainly due to:

- The increase in external services mainly linked to the ongoing clinical trials of eryaspase for the treatment of solid tumors, particularly with the commencement of the Phase 3 clinical trial for the treatment of pancreatic cancer in September 2018;
- The increase in research and development personnel expenses (see note 3.3).

3.2.2 General and administrative expenses

General and administrative expenses (amounts in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Consumables	148	33	527
Rental and maintenance	894	1,584	1,117
Services, subcontracting and fees	2,867	5,409	7,964
Personnel expenses	3,688	5,925	6,331
Depreciation and amortization	266	529	751
Other	927	1,122	474
Total	**8,791**	**14,600**	**17,164**

The increase in general and administrative expenses between 2017 and 2018 is mainly due to an increase in services and subcontracting of €2,542 thousand and an increase in personnel expenses of €2,237 thousand (see note 3.3).

The increase in general and administrative expenses between 2018 and 2019 is mainly due to an increase in services and subcontracting of €2,555 thousand, primarily related to costs incurred as part of the establishment of the Princeton manufacturing facility.

3.3 Personnel expenses

3.3.1 Research and development expenses

Research and development expenses **For the year ended December 31, 2017** **(amounts in thousands of euros)**	R&D	Clinical studies	**Total**
Wages and salaries	1,200	4,028	**5,229**
Share-based payments (employees and executive management)	292	541	**833**
Social security expenses	596	1,259	**1,854**
Total personnel expenses	**2,088**	**5,828**	**7,916**

Research and development expenses **For the year ended December 31, 2018** **(amounts in thousands of euros)**	R&D	Clinical studies	**Total**
Wages and salaries	1,887	5,393	**7,279**
Share-based payments (employees and executive management)	334	824	**1,158**
Social security expenses	792	1,684	**2,476**
Total personnel expenses	**3,013**	**7,901**	**10,914**

Research and development expenses **For the year ended December 31, 2019** **(amounts in thousands of euros)**	R&D	Clinical studies	**Total**
Wages and salaries	2,029	8,893	**10,923**
Share-based payments (employees and executive management)	223	465	**688**
Social security expenses	804	2,553	**3,357**
Total personnel expenses	**3,056**	**11,911**	**14,967**

The increase in personnel expenses is mainly due to an increase in research and development employee headcount. The weighted average full-time employees (FTE) was 71 in 2017, 99 in 2018 and 156 in 2019.

3.3.2 General and administrative expenses

General and administrative expenses **(amounts in thousands of euros)**	**12/31/2017**	**12/31/2018**	**12/31/2019**
Wages and salaries	1,990	3,721	4,375
Share-based payments (employees and executive management)	642	849	522
Social security expenses	1,057	1,355	1,433
Total personnel expenses	**3,688**	**5,925**	**6,331**

The increase in personnel expenses is mainly due to an increase in general and administrative employee headcount. The weighted average full-time employees (FTE) was 25 in 2017, 39 in 2018 and 41 in 2019.

3.3.3 Share-based payments (IFRS 2)

Accounting policies

The Company has applied IFRS 2 Share-based payment ("**IFRS 2**") to all equity instruments e.g. free shares ("AGA"), stock options ("SO"), share subscription warrants ("BSA") and founder subscription warrants ("BSPCE") granted since inception to its employees, members of the Board of Directors or other individuals. Pursuant to IFRS 2, the cost of the remuneration paid with equity instruments is recognized as an expense in exchange for an increase in the shareholders' equity for the vesting period during which the rights to be enjoyed from the equity instruments are acquired. As such, changes in value subsequent to the grant date have no effect on this initial measurement.

Fair value is estimated using the Black & Scholes valuation model (for BSA, SO and BSPCE valuation), Monte-Carlo valuation model (for AGA valuation) and Cox-Ross-Rubinstein valuation model (for 2017 BSA valuation). These models allow the Company to take into account the characteristics of the plan (exercise price, vesting period), the market data at the grant date (volatility, expected dividends, repo margin), possible performance conditions attached to warrants and recipient behavior assumptions.

The Company has no legal or constructive obligation to repurchase or settle any of these equity instruments in cash.

Founder subscription warrants ("BSPCE") plan

Types of securities	**BSPCE2012**	**BSPCE2014**
Maturity	May 20, 2020	January 22, 2024
Maximum number of new shares that can be issued	169,760	169,100

In the event of a beneficiary departure from the Company for any reason whatsoever, this beneficiary shall retain the $BSPCE_{2014}$ to which he subscribed prior to his departure. However, in the event of a beneficiary departure from the Company, for any reason whatsoever, prior to subscription of the $BSPCE_{2014}$ to which the beneficiary has a right, the $BSPCE_{2014}$ will be forfeited. In this situation, the $BSPCE_{2014}$ not subscribed may be re-allocated to other beneficiaries within the same category and/or replacing the person who left the Company.

Share subscription warrants ("BSA") plan

Types of securities	**BSA_{2012}**	**BSA_{2014}**	**BSA_{2016}**	**BSA_{2017}**	**BSA_{2019}**
Vesting period	NA	NA	Tranche 1: 1 year Tranche 2: 2 years	Tranche 1: 1 year Tranche 2: 2 years Tranche 3: 3 years	2 years
Maturity	May-2020	January-2024	Depending of the grant date October-2021 January-2022	Depending of the grant date June-2022 January-2023	October-2022
Maximum number of new shares that can be issued	40,180	29,000	55,000	88,500	75,000

The main assumptions used to determine the fair value of the plans granted in 2017, 2018 and 2019 are:

	Grant in January 2017	Grant in June 2017	Grant in January 2018
Number of warrants	15,000 BSA2016	55,000 BSA2017	40,500 BSA2017
Exercise price	€ 13.46	€ 26.47	€ 18.00
Price of the underlying share	€ 15.51	€ 28.25	€ 18.00
Expected dividends	0.00%	0.00%	0.00%
Volatility (1)	48.00%	48.00%	43.94%
Repo margin	5.00%	5.00%	n/a
Expected term	3 years	3 years	T1 : 5.5 years T2 : 6 years T3 : 6.5 years
Fair value of the plan (in thousands of euros)	58	394	300

	Grant in April 2019	Grant in October 2019
Number of warrants	25,998 BSA_{2018}	75,000 BSA_{2019}
Exercise price	€ 6.82	€ 3.71
Price of the underlying share	€ 7.20	€ 3.78
Expected dividends	0.00%	0.00%
Volatility (1)	38.91%	33.41%
Expected term	T1 : 3 years T2 : 3.5 years T3 : 4 years	2.5 years
Fair value of the plan (in thousands of euros) (2)	56	59

(1) based on the historical volatility observed on the ERYP index on Euronext

(2) BSA were granted at fair value (€2.15 in April 2019 and €0.79 in October 2019). Therefore, no expense was recognized under IFRS 2.

Stock options ("SO") plan

Types of securities	SO_{2016}	SO_{2017}	SO_{2018}	SO_{2019}
Vesting period	Tranche 1: 2 years Tranche 2: 3 years	Tranche 1: 2 years Tranche 2: 3 years	Tranche 1: 2 years Tranche 2: 3 years	Tranche 1: 2 years Tranche 2: 3 years
Maturity	Depending of the grant date October-2026 January-2027 June-2027 October-2027	Depending of the grant date June-2027 January-2028	Depending of the grant date September-2028 January-2029 April-2029	Depending of the grant date July-2029 October-2029
Maximum number of new shares that can be issued	66,999	93,564	111,810	406,373

The main assumptions used to determine the fair value of the plans granted in 2017, 2018 and 2019 are:

	Grant in January 2017	Grant in June 2017	Grant in October 2017
Number of options	3,000 SO_{2016}	18,000 SO_{2016} 22,200 SO_{2017}	30,000 SO_{2016}
Exercise price	€ 15.65	€ 26.47	€ 23.59
Price of the underlying share	€ 15.51	€ 28.25	€ 24.70
Expected dividends	0.00%	0.00%	0.00%
Volatility (1)	48.00%	48.00%	48.00%
Repo margin	5.00%	5.00%	5.00%
Expected term	3 years	3 years	3 years
Fair value of the plan (in thousands of euros)	13	308	208

	Grant in January 2018	Grant in September 2018
Number of options	97,203 SO_{2017}	24,000 SO_{2018}
Exercise price	€ 18.00	€ 9.26
Price of the underlying share	€ 18.00	€ 8.75
Expected dividends	0.00%	0.00%
Volatility (1)	43.94%	41.59%
Expected term	T1 : 6 years T2 : 6.5 years	T1 : 6 years T2 : 6.5 years
Fair value of the plan (in thousands of euros)	731	80

	Grant in January 2019	Grant in April 2019	Grant in July 2019	Grant in October 2019
Number of options	38,025 SO_{2018}	76,905 SO_{2018}	59,123 SO_{2019}	347,250 SO_{2019}
Exercise price	€ 6.38	€ 7.20	€ 5.78	€ 4.25
Price of the underlying share	€ 6.38	€ 7.20	€ 5.81	€ 3.78
Expected dividends	0.00%	0.00%	0.00%	0.00%
Volatility (1)	41.88%	41.65%	41.00%	40.69%
Expected term	T1 : 6 years T2 : 6.5 years	T1 : 6 years T2 : 6.5 years	T1 : 6 years T2 : 6.5 years	T1 : 6 years T2 : 6.5 years
Fair value of the plan (in thousands of euros)	97	217	131	447

(1) based on the historical volatility observed on the ERYP index on Euronext

Free shares ("AGA") plan

Types of securities	AGA_{2016}	AGA_{2017}	AGA_{2018}	AGA_{2019}
Vesting period	Tranche 1: 1 year Tranche 2: 2 years Tranche 3: 3 years	Tranche 1: 1 year Tranche 2: 2 years Tranche 3: 3 years	Tranche 1: 1 year Tranche 2: 2 years Tranche 3: 3 years	Tranche 1: 1 year Tranche 2: 2 years Tranche 3: 3 years Tranche 4 : 4 years Tranche 5 : 5 years
Maximum number of new shares that can be issued	71,324	152,280	123,800	300,941

The main assumptions used to determine the fair value of the plans granted in 2017, 2018 and 2019 are:

	Grant in January 2017	Grant in June 2017	Grant in October 2017
Number of shares	15,000 AGA_{2016}	8,652 AGA_{2016} 74,475 AGA_{2017}	16,650 AGA_{2016}
Price of the underlying share	€ 15.51	€ 28.25	€ 24.70
Expected dividends	0.00%	0.00%	0.00%
Volatility	48.00%	48.00%	48.00%
Repo margin	5.00%	5.00%	5.00%
Maturity	3 years	3 years	3 years
Performance criteria	(2)	(2)	(2)
Fair value of the plan (in thousands of euros)	115	1,081	180

	Grant in January 2018	Grant in January 2019	Grant in April 2019	Grant in October 2019
Number of shares	40,500 AGA_{2016} 113,940 AGA_{2017}	36,150 AGA_{2018}	94,200 AGA_{2018}	300,941 AGA_{2019}
Price of the underlying share	€ 18.00	€ 6.38	€ 7.20	€ 3.78
Expected dividends	0.00%	0.00%	0.00%	0.00%
Volatility	42.17%	38.22%	36.32%	38.76%
Repo margin	5.00%	5.00%	5.00%	5.00%
Maturity	3 years	3 years	3 years	5 years
Performance criteria	(2)	(2)	(2)	(2)
Fair value of the plan (in thousands of euros)	1,145	102	269	434

(1) based on the historical volatility observed on the ERYP index on Euronext

(2) performance criteria: progression of the quoted market share price between the grant date and the tranche acquisition date

- For grants between 2017 and April 2019:
  - ERYP: average price of the 40-quoted market share price days before the grant date (€13.46 in January 2017, €26.47 in June 2017, €24.48 in October 2017, €20.12 in January 2018, €6.54 in January 2019 and €7.52 in April 2019).
  - ERYPi: average price of the 40-quoted market share price days before the acquisition date,
  - Tri: (ERYPi /ERYP) -1
    - If TRi <=0 % no shares granted are acquired
    - If Tri>100% all the shares granted are acquired
    - If 0%<TRi<100% shares granted are acquired following the TRi percentage
- For grant in 2019
  - ERYP: maximum between the share price before the grant date and the average price of the 20-quoted market share price days before the grant date discounted by 5%, ie €4.25,
  - ERYPi: maximum between the share price at the acquisition date and the average price of the 20-quoted market share price days before the grant date discounted by 5%,
  - Tri: (ERYi - ERY2019) / (ERY2019 x (PM – 1)) with PM = 3
    - If TRi <=0 % no shares granted are acquired
    - If Tri>100% all the shares granted are acquired
    - If 0%<TRi<100% shares granted are acquired following the TRi percentage

Breakdown of expenses per financial year

Plan name	**Amount in P&L in euros thousands as of December 31, 2017**	of which employees	of which executive officers and executive committee	of which board members
Grant in October 2016	533	250	283	—
Grant in January 2017	92		92	—
Grant in June 2017	348	156	192	—
Grant in October 2017	27	27		—
TOTAL AGA	**1,000**	**433**	**567**	—
Grant in June 2015	50	—	50	—
Grant in October 2016	126	—	—	126
Grant in January 2017	10	—	—	10
Grant in June 2017	165	—	—	165
TOTAL BSA	**350**	**—**	**50**	**301**
Grant in January 2014	7	—	7	—
Grant in September 2015	51	—	51	—
Grant in May 2016	138	94	44	—
TOTAL BSPCE	**196**	**94**	**102**	**—**
Grant in October 2016	90	45	44	—
Grant in January 2017	46	46	—	—
Grant in June 2017	65	44	21	—
Grant in October 2017	23	23	—	—
TOTAL SO	**223**	**158**	**65**	**—**
Total IFRS 2 expenses	**1,769**	**685**	**784**	**301**

Plan name	Amount in P&L in euros thousands as of December 31, 2018	of which employees	of which executive officers and executive committee	of which board members
Grant in October 2016	219	103	116	—
Grant in January 2017	31	—	31	—
Grant in June 2017	483	222	262	—
Grant in October 2017	99	99	—	—
Grant in January 2018	538	303	235	—
TOTAL AGA	**1,371**	**727**	**644**	**—**
Grant in October 2016	71	—	—	71
Grant in January 2017	16	—	—	16
Grant in June 2017	178	—	—	178
Grant in January 2018	177	—	—	177
TOTAL BSA	**442**	**—**	**—**	**442**
Grant in October 2016	73	37	36	—
Grant in January 2017	6	6	—	—
Grant in June 2017	137	96	41	—
Grant in October 2017	92	92	—	—
Grant in January 2018	317	185	132	—
Grant in September 2018	11	—	11	—
TOTAL SO	**636**	**416**	**220**	**—**
Total IFRS 2 expenses	**2,449**	**1,142**	**865**	**442**

Plan name	Amount in P&L in euros thousands as of December 31, 2019	of which employees	of which executive officers and executive committee	of which board members
Grant in October 2016	53	16	37	—
Grant in January 2017	11	—	11	—
Grant in June 2017	155	52	103	—
Grant in October 2017	12	12	(0)	—
Grant in January 2018	287	109	178	—
Grant in January 2019	43	43	0	—
Grant in April 2019	91	55	36	—
Grant in October 2019	37	18	18	—
TOTAL AGA	**688**	**305**	**383**	**—**
Grant in October 2016	24	—	—	24
Grant in January 2017	(12)	—	—	(12)
Grant in June 2017	54	—	—	54
Grant in January 2018	59	—	—	59
Grant in April 2019	—	—	—	—
Grant in October 2019	—	—	—	—
TOTAL BSA	**125**	**—**	**—**	**125**
Grant in October 2016	12	3	8	—
Grant in January 2017	—	—	—	—
Grant in June 2017	70	45	25	—
Grant in October 2017	45	45	(0)	—
Grant in January 2018	260	125	135	—
Grant in September 2018	(11)	—	(11)	—
Grant in January 2019	34	34	(0)	—
Grant in April 2019	68	28	40	—
Grant in July 2019	24	—	24	—
Grant in October 2019	44	16	28	—
TOTAL SO	**546**	**296**	**249**	**—**
Total IFRS 2 expenses	**1,359**	**601**	**633**	**125**

Summary of outstanding instruments

Number of outstanding warrants (BSA) and founder's warrants (BSPCE) with a ratio of 1 option = 10 shares	Number of BSA and BSPCE	Weighted-average exercise price
Outstanding at December 31, 2016	**42,524**	**€ 98.01**
Exercisable at December 31, 2016	**42,524**	**€ 98.01**
Granted	—	€ -
Forfeited	—	€ -
Exercised	(1,720)	€ 113.55
Outstanding at December 31, 2017	**40,804**	**€ 97.34**
Exercisable at December 31, 2017	**40,804**	**€ 97.34**
Granted	—	€ -
Forfeited	—	€ -
Exercised	—	€ -
Outstanding at December 31, 2018	**40,804**	**€ 97.34**
Exercisable at December 31, 2018	**40,804**	**€ 97.34**
Granted	—	€ -
Forfeited	—	€ -
Exercised	—	€ -
Outstanding at December 31, 2019	**40,804**	**€ 97.34**
Exercisable at December 31, 2019	**40,804**	**€ 97.34**

Number of outstanding stock-options and warrants (BSA) with a ratio of 1 option = 1 share	Number of stock-options and BSA	Weighted-average exercise price
Outstanding at December 31, 2016	**89,499**	**€ 18.52**
Exercisable at December 31, 2016	**—**	**€ -**
Granted	143,200	€ 24.29
Forfeited	—	€ -
Exercised	—	€ -
Outstanding at December 31, 2017	**232,699**	**€ 22.07**
Exercisable at December 31, 2017	**—**	**€ -**
Granted	161,703	€ 16.70
Forfeited	(54,339)	€ 20.26
Exercised	—	€ -
Outstanding at December 31, 2018	**340,063**	**€ 19.87**
Exercisable at December 31, 2018	**88,999**	**€ 19.88**
Granted	622,301	€ 4.98
Forfeited	(65,118)	€ 9.77
Exercised	—	€ -
Outstanding at December 31, 2019	**897,246**	**€ 10.26**
Exercisable at December 31, 2019	**173,899**	**€ 21.46**

	Number of oustanding free shares
Outstanding at December 31, 2016	**111,261**
Granted	114,777
Forfeited	(1,017)
Acquired	(7,574)
Outstanding at December 31, 2017	**217,447**
Granted	154,440
Forfeited	(27,391)
Acquired	(2,476)
Outstanding at December 31, 2018	**342,020**
Granted	431,291
Forfeited	(124,966)
Acquired	—
Outstanding at December 31, 2019	**648,345**

3.4 Depreciation, amortization and provisions

(amounts in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Amortization and depreciation of intangible assets	29	40	1,053
Depreciation of property, plant and equipment	501	749	1,797
Depreciation of the right of use	—	—	1,366
Total amortization and depreciation	**530**	**788**	**4,216**
Provision	—	—	71
Total amortization, depreciation & provisions	**530**	**789**	**4,287**

3.5 Financial income (loss)

Accounting policies

Financial income (loss) includes mainly:

- Income received from cash and cash equivalents;
- Interest expenses incurred on financial liabilities and lease liabilities;
- Gains and losses on exchange rate variations on financial and investing operations.

(amounts in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Income from short term deposits	405	163	7
Other financial income	134	5,264	2,940
Financial income	**539**	**5,427**	**2,947**
Financial expenses on lease liability	(8)	(4)	(343)
Interest expense related to borrowings	(7)	(5)	(148)
Other financial expenses	(3,168)	(19)	(1,042)
Financial expenses	**(3,183)**	**(29)**	**(1,533)**
Financial income (loss)	**(2,644)**	**5,399**	**1,414**

Other income and expenses are mainly comprised of:

- Foreign currency gains and losses generated by the ERYTECH Pharma SA's U.S. dollar bank account of €1,816 thousand in 2019 (€3,993 thousand in 2018 and - €3,026 thousand in 2017);
- A gain on investment currency transactions on swaps of €1,124 thousand in 2019 (€1,254 thousand in 2018 and 0 in 2017);
- A foreign currency loss on the loan in U.S. dollars from the Parent Company to ERYTECH Pharma, Inc. in the amount of €1,035 thousand (no corresponding expense during the comparative periods).

3.6 Income tax

Accounting policies

Current taxes

Considering the level of tax loss of the Company, no current tax expense is recognized.

The Parent Company, as an entity incorporated in France, is subject to the corporate value-added contribution (cotisation sur la valeur ajoutée des entreprises—CVAE). To enter within the scope of IAS 12 *Income Taxes* ("**IAS 12**"), a tax must be calculated based on a net amount of income and expenses, and this net amount can be different from the net book results. The Company has judged that the corporate value-added contribution satisfies the characteristics outlined in this conclusion, insofar as the value added constitutes the intermediate level of income that systematically serves as the basis, according to French tax law, for determining the amount owing in relation to the corporate value-added contribution.

Deferred taxes

Except in specific cases, deferred taxes are calculated for the temporary differences between the carrying value of an asset or a liability and its tax value. Changes in the tax rates are recorded in the results of the financial year during which the rate change is decided. Deferred tax assets resulting from temporary differences or tax losses carried forward are limited to the deferred tax liabilities with the same maturity, except where their allocation on future taxable income is probable. Deferred taxes are calculated based on the most recent tax rates adopted at the date of each financial year-end.

Deferred tax assets and liabilities are not discounted.

Tax rate and tax loss carryforwards

As of December 31, 2019, the amount of accumulated tax loss carryforwards were:

- €217.1 million in France, with no expiration date.
- €20.4 million ($ 23 million) in the United States, of which €0.3 million expires in 2035, €3.1 million expires in 2036, €4.1 million expires in 2037 and €12.9 million has no expiration date.

The standard corporate tax rates in France are:

- 34.43% for the financial year 2017.
- 28% for the financial years 2018 and 2019.

Based on the provisions of the 2019/2020 finance act (Loi de finances), this rate will decrease gradually to reach 25% in 2022.

Reconciliation of the effective tax rate

(amounts in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Loss before tax	**(33,530)**	**(38,224)**	**(62,659)**
Tax rate	34.43%	28%	28%
Theoretical tax expense or income	**11,545**	**10,703**	**17,544**
Current year loss not capitalized	(12,071)	(11,222)	(18,143)
CICE (employment and competitiveness tax credit) not included in taxable income	34	35	—
Research tax credits	1,097	1,225	1,096
Share based compensation expense	(592)	(686)	(380)
Permanent differences	(10)	(54)	(117)
Other differences	—	(2)	1
Effective tax (loss) / income	**3**	**(2)**	**1**

Nature of deferred taxes

The deferred tax related to loss carryforwards of Erytech Pharma S.A are computed using a rate of 25%.

(amounts in thousands of euros)	12/31/2017	12/31/2018	12/31/2019
Loss carryforward	34,709	43,315	59,594
Temporary differences	74	106	643
Unrecognized deferred tax assets	(34,786)	(43,421)	(60,236)
Net amount	**(3)**	**—**	**—**

3.7 Basic earnings (loss) per share and diluted earnings (loss) per share

Accounting policies

The basic earnings per share are calculated by dividing the Company's net income (loss) by the weighted average number of shares in circulation during the corresponding period.

The diluted earnings per share are calculated by dividing the results by the weighted average number of common shares in circulation, increased by all dilutive potential common shares. The dilutive potential common shares include, in particular, the share subscription warrants, stock options, free shares and founder subscription warrants as detailed in note 3.3.3.

Dilution is defined as a reduction of earnings per share or an increase of loss per share. When the exercise of outstanding share options and warrants decreases loss per share, they are considered to be anti-dilutive and excluded from the calculation of loss per share. Thus, basic and diluted loss per share are equal as all equity instruments issued have been considered anti-dilutive.

	12/31/2017	12/31/2018	12/31/2019
Net loss (in thousands of euros)	(33,530)	(38,224)	(62,659)
Weighted number of shares for the period	11,370,557	17,937,481	17,937,535
Basic loss per share (€/share)	**(2.95)**	**(2.13)**	**(3.49)**
Diluted loss per share (€/share)	**(2.95)**	**(2.13)**	**(3.49)**

	12/31/2017	12/31/2018	12/31/2019
Number of shares as of January 1 (1)	**8,730,148**	**17,935,059**	**17,937,535**
Number of shares issued during the year (prorata temporis)			
Share capital increase	2,640,409	—	—
Exercise of share warrants	10,358	—	—
Free shares acquired	—	2,422	—
Weighted number of shares for the period	**11,370,557**	**17,937,481**	**17,937,535**

(1) after deduction of treasury shares (2,500 shares are held by the Company as treasury shares and recognized as a deduction of shareholders' equity).

As of December 31, 2017, 2018 and 2019, the potential shares that could be issued (see Note 3.3.3) were not taken into consideration in the calculation of the diluted earnings, as their effect would be anti-dilutive.

4. NOTES RELATED TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4.1 Fixed assets

4.1.1 Intangible assets

Accounting policies

Internally generated intangible assets – Research and development costs

In accordance with IAS 38 *Intangible Assets* ("**IAS 38**"), research expenditures are expensed in the period during which they are incurred.

An internally generated intangible asset relating to a development project is recorded as an asset if, and only if, the following criteria are met:

(a) it is technically feasible to complete the development project;

(b) intention on the part of the Company to complete the project and to utilize it;

(c) capacity to utilize the intangible asset;

(d) proof of the probability of future economic benefits associated with the asset;

(e) availability of the technical, financial, and other resources for completing the project; and

(f) reliable evaluation of the development expenses.

The initial measurement of the asset is the sum of expenses incurred starting on the date on which the development project meets the above criteria.

Because of the risks and uncertainties related to regulatory authorizations and to the research and development process, the Company believes that the six criteria stipulated by IAS 38 have not been fulfilled to date and the application of this principle has resulted in all development costs being expensed as incurred in all periods presented.

Other intangible assets

Other intangible assets are recorded at their acquisition cost plus costs directly attributable to the preparation of the asset for its intended use.

Other intangible assets mainly comprised costs of modeling studies of a new production process and costs of acquisition of software licenses.

As the new production process relates to equipment that is not yet constructed, the amortization will begin on the date the equipment will be available for use (i.e. when it is in the location and condition necessary for it to be capable of operating). In the meantime, an impairment test will be performed (see Note 4.1.3).
Intangible assets with a finite life are amortized on the basis of the straight-line method over their estimated useful life.

Intangible assets Item	**Amortization period**
Software	1 to 5 years

(amounts in thousands of euros)	Other intangible assets	TOTAL
GROSS VALUE		
As of December 31, 2016	**209**	**209**
Increase	25	25
Decrease	-	-
As of December 31, 2017	**234**	**234**
Increase	3	3
Decrease	—	—
Reclassification	1,596	1,596
As of December 31, 2018	**1,833**	**1,833**
Increase	16	16
Decrease	—	—
FX rate impact	(0)	(0)
Reclassification	28	28
As of December 31, 2019	**1,876**	**1,876**
ACCUMULATED AMORTIZATION AND DEPRECIATION		
As of December 31, 2016	**(152)**	**(152)**
Increase	(29)	(29)
Decrease	-	-
As of December 31, 2017	**(181)**	**(181)**
Increase	(39)	(39)
Decrease	—	—
As of December 31, 2018	**(220)**	**(220)**
Increase	(1,053)	(1,053)
Decrease	—	—
FX rate impact	0	0
As of Decemner 31, 2019	**(1,273)**	**(1,273)**
NET VALUE		
As of December 31, 2016	**57**	**57**
As of December 31, 2017	**53**	**53**
As of December 31, 2018	**1,613**	**1,613**
As of December 31, 2019	**603**	**603**

The reclassification of €1,596 thousand in 2018 corresponds to expenses incurred as part of a new production process that were recognized in assets under construction as of December 31, 2017.

Considering that the new production process (€1,596 thousand) relates to equipment that is not yet constructed, an impairment test is performed annually and whenever there is an indication that the intangible asset may be impaired (see note 4.1.3). Following clarification at the end of 2019, the Company determined that €1,036 thousand of the intangible asset will no longer be used in the intended production process. This amount has been impaired.

4.1.2 Property, plant and equipment

Accounting policies

Property, plant and equipment are recorded at their acquisition cost, comprised of their purchase price and all the direct costs incurred to bring the asset to the location and working condition for its use as intended by the company's management.

Property, plant, and equipment are depreciated on the basis of the straight-line method over their estimated useful life. The non-reusable fixtures of property rented are depreciated over the term of their own lifetime or of the term of the rental agreement, whichever is shorter.
The depreciation periods used are the following:

Property, plant and equipment items	Depreciation period
Industrial equipment	1 to 5 years
Fixtures and improvements in structures	3 to 10 years
Office equipment	3 to 5 years
Furniture	3 to 5 years

The useful lives of property, plant and equipment as well as any residual values are reviewed at each year end and, in the event of a significant change, result in a prospective revision of the depreciation pattern.

(amounts in thousands of euros)	Assets under construction	Plant, equipment and tooling	General equipment, fixtures and fittings	Office equipment and computers	TOTAL
GROSS VALUE					
As of December 31, 2016	**862**	**1,824**	**1,466**	**532**	**4,684**
Increase	868	270	389	137	1,664
Decrease	—	—	—	—	—
As of December 31, 2017	**1,730**	**2,094**	**1,855**	**669**	**6,348**
Increase	13,425	490	152	155	14,222
Decrease	—	—	—	—	—
Reclassification	(1,596)	—	—	—	(1,596)
As of December 31, 2018	**13,559**	**2,584**	**2,007**	**824**	**18,974**
Increase	630	1,557	9,489	387	12,063
Decrease	(21)	(106)	(437)	(112)	(676)
FX rate impact	268	(8)	(62)	2	200
Reclassification	(13,357)	779	11,389	70	(1,120)
As of December 31, 2019	**1,078**	**4,806**	**22,385**	**1,171**	**29,440**
ACCUMULATED DEPRECIATION					
As of December 31, 2016	**—**	**(1,406)**	**(908)**	**(125)**	**(2,439)**
Increase	—	(165)	(208)	(130)	(503)
Decrease	—	—	—	—	—
As of December 31, 2017	**—**	**(1,571)**	**(1,116)**	**(255)**	**(2,942)**
Increase	—	(248)	(355)	(155)	(758)
Decrease	—	—	—	—	—
Reclassification	—	(5)	—	5	—
As of December 31, 2018	**—**	**(1,824)**	**(1,471)**	**(405)**	**(3,700)**
Increase	—	(469)	(1,148)	(180)	(1,797)
Decrease	—	85	437	112	634
FX rate impact	—	0	0	(2)	(2)
Reclassification	—	988	61	7	1,056
As of December 31, 2019	**—**	**(1,219)**	**(2,121)**	**(469)**	**(3,808)**
NET VALUE					
As of December 31, 2016	**862**	**418**	**558**	**407**	**2,245**
As of December 31, 2017	**1,730**	**523**	**739**	**414**	**3,406**
As of December 31, 2018	**13,559**	**760**	**536**	**419**	**15,274**
As of December 31, 2019	**1,078**	**3,587**	**20,264**	**702**	**25,632**

As of December 31, 2017 and 2018, property, plant and equipment included assets held under finance leases. Their net book value amounted to €113 thousand as of December 31, 2017 (of which equipment amounted to €37 thousand and office and computers amounted to €76 thousand) and €37 thousand as of December 31, 2018. Property, plant and equipment held under finance leases were reclassified in right of use with the application of IFRS 16 as of January 1, 2019.

Assets under construction in 2018 and commissioned in 2019 in the amount of €13.4 million mainly relate to fixtures and fittings and industrial equipment of the Princeton manufacturing facility (€11.9 million) and the expansion of the manufacturing facility in Lyon (€1.2 million). In 2019, the Company pursued the acquisition of fixtures and fittings and industrial equipment for the Princeton facility (€10.6 million) and the expansion of the manufacturing facility in Lyon (€0.7 million). These two facilities began the production of GMP-compliant clinical batches in 2019.

4.1.3 Impairment on fixed assets

Accounting policies

According to IAS 36 Impairment of Assets ("**IAS 36**"), a loss in value must be recognized where the carrying value of an asset, or the cash generating unit to which the asset belongs (if it is not possible to estimate the recoverable amount of the individual asset), is higher than its recoverable value. The recoverable value of an asset corresponds to its fair value less costs to sell or its value in use, whichever is higher.

The property, plant, and equipment and intangible assets that have a finite life are subject to an impairment test when the recoverability of their carrying value is called into question by the existence of indications of impairment.

The intangible assets that are not amortized are tested for impairment at the end of the period in which they are acquired, subsequently annually and whenever there is an indication that the intangible asset may be impaired.

An impairment is recognized up to the amount of the excess of the value over the recoverable value of the asset.

4.2 Right of use

Accounting policies

In accordance with IFRS 16 *Leases (*"**IFRS 16***")*, applicable since January 1, 2019, the right of use is recognized on the lessee's balance sheet when the asset linked to the lease agreement become available.
The right of use asset is measured at cost and comprises:

- the amount of the initial measurement of the lease liability (see note 4.10),
- lease incentives, payments at or prior to commencement date,
- incremental costs which would not have been incurred if the contract had not been concluded.

The right of use is subsequently measured at cost less depreciation and any accumulated impairment loss. The amount can be adjusted based on certain revaluations of the lease liability.

Until December 31, 2018, only finance lease agreements for which the Company bears substantially all the benefits and risks inherent in the ownership of the property were recorded as assets in accordance with IAS 17 Leases *(*"***IAS 17***")*.

(amounts in thousands of euros)	Buildings	Plant, equipment and tooling	Transport equipment	Office equipment and computers	TOTAL
GROSS VALUE					
As of December 31, 2018	**—**	**—**	**—**	**—**	**—**
First application of IFRS 16	7,397	—	47	—	7,443
Increase	4,088	—	34	—	4,121
Decrease	(355)	(20)	—	—	(375)
FX rate impact	108	—	—	—	108
Reclassification	—	974	—	118	1,092
As of December 31, 2019	**11,237**	**954**	**80**	**118**	**12,389**
ACCUMULATED DEPRECIATION					
As of December 31, 2018	**—**	**—**	**—**	**—**	**—**
Increase	(1,304)	—	(23)	(39)	(1,366)
Decrease	16	20	—	—	36
FX rate impact	3	—	—	—	3
Reclassification	—	(974)	—	(79)	(1,053)
As of December 31, 2019	**(1,286)**	**(954)**	**(23)**	**(118)**	**(2,380)**
NET VALUE					
As of December 31, 2018	**—**	**—**	**—**	**—**	**—**
As of December 31, 2019	**9,952**	**—**	**58**	**—**	**10,009**

Reclassifications correspond to assets financed by finance leases which have been reclassified in right of use with the application of IFRS 16 as of January 1, 2019. These assets were classified in property, plant and equipment until December 31, 2018.

The increase of €4,121 thousand is mainly linked to the partial relocation of the French team in new facilities in July 2019 (impact of €4,026 thousand).

The decrease in net value of €339 thousand corresponds to a decrease in the right of use following a decrease in the rental space of a building lease (linked to a partial relocation of the French team in new facilities).

4.3 Other financial assets

Accounting policies

Other financial assets are composed of receivables initially recognized at their fair value and then at the amortized cost calculated with the effective interest rate ("**EIR**") method. Financial assets with a maturity of more than one year are classified in "other non-current financial assets" in accordance with IAS 1.

(amounts in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Deposits related to leased premises	168	446	475
Advance payments to suppliers	—	510	226
Other	67	91	17
Total other non-current financial assets	**234**	**1,046**	**718**
Advance payments to suppliers	—	—	28
Other	—	—	13
Total other current financial assets	**—**	**—**	**41**

Advance payments comprise payments made to service providers, especially Contract Research Organizations ("**CROs**"), involved with the conduct of the clinical trials in the solid tumors indication (TRYbeCA-1 and TRYbeCA-2 trials).

4.4 Inventories

Accounting policies

In compliance with IAS 2 *Inventories* ("**IAS 2**"), inventories are recognized at their cost or at their net realizable value, whichever is lower. Cost is determined on a *First-In First-Out* (FIFO) cost basis. Management periodically reviews the inventory for obsolescence and adjusts as necessary.

(amounts in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Raw materials	176	1,396	358
Total inventory	**176**	**1,396**	**358**

4.5 Trade receivables and other current assets

Accounting policies

Other current assets are initially recognized at their fair value and then at the amortized cost calculated with the effective interest rate ("**EIR**") method.

Trade receivables

Trade receivables are initially recognized in accordance with IFRS 15 and then at the amortized cost calculated with the effective interest rate ("**EIR**") method.
The Company recognizes loss allowances for expected credit losses ("**ECL**"), which, for trade receivables and contract assets, are measured at an amount equal to lifetime ECLs that result from all possible default events over their expected life. Loss allowances are deducted from the gross amounts of the assets.

(amounts in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Trade and other receivables	76	30	36
Total trade and other receivables	**76**	**30**	**36**
Research Tax Credit	3,326	7,701	3,917
Tax and social receivables (e.g VAT) and other receivables	1,114	1,949	1,871
Cash to be received from bank related to exercise of warrants	23	—	—
Prepaid expenses	1,327	4,461	2,188
Total other current assets	**5,791**	**14,111**	**7,975**

Research Tax Credit

The Company benefits from the provisions in Articles 244 *quater* B and 49 *septies* F of the French Tax Code related to the Research Tax Credit.
As of December 31, 2017, the CIR receivable included Research Tax Credit of the year.
As of December 31, 2018, the CIR receivable included Research Tax Credit for the 2017 and 2018 financial years.
As of December 31, 2019, the CIR receivable included Research Tax Credit of the year.

Tax and social receivables and other receivables
Tax and social receivables and other receivables mainly related to VAT receivables (€1,016 thousand as of December 31, 2017, €949 thousand as of December 31, 2018 and €942 thousand as of December 31, 2019) and credit notes to be received (€101 thousand as of December 31, 2017, €863 thousand as of December 31, 2018 and €570 thousand as of December 31, 2019).

Prepaid expenses

Prepaid expenses mainly related to advances payments made to suppliers of asparaginase (€570 thousand as of December 31, 2017, €3,180 thousand as of December 31, 2018 and €1,295 thousand as of December 31, 2019).

4.6 Cash and cash equivalents

Accounting policies

The item “cash and cash equivalents” includes bank accounts and highly liquid securities. They are readily convertible into a known amount of cash and are subject to a negligible risk of change in value.

The cash equivalents classification is made if the following criteria are fulfilled:

- held for the purpose of meeting short term cash commitments rather than for investment or other purposes.
- exit options exist:
  - exercisable at any time at least every three months;
  - initially included in the contract and this exit option is always provided in the initial contract; and
  - exercisable without exit penalty and without significant risk of change in the amount received as cash reimbursement.
- there is no value risk related to the level of minimum compensation acquired (i.e. that obtained in the event of early exit) because over the entire duration and at each moment this remuneration will be identical to that obtained from an investment of no more than three months that meets the definition of a cash equivalent. This can be the case when the rate is variable or revisable.

They are recorded as assets in cash equivalents, measured at their fair value, and the changes in value are recognized in financial income (loss).

(amounts in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Current account	174,525	118,371	68,066
Term deposits	11,000	16,000	5,107
Total cash and cash equivalents as reported in statement of financial position	**185,525**	**134,371**	**73,173**
Bank overdrafts	(11)	—	—
Total cash and cash equivalents as reported in statement of cash flow	**185,514**	**134,371**	**73,173**

As of December 31, 2017, term deposits included a term deposit of €11 million with a maturity as of January 1, 2019, but readily available without penalty subject to a 32-day notice.

As of December 31, 2018, term deposits included two term deposits of €11 million and €5 million, both with a maturity in January 2019.

As of December 31, 2019, term deposits included a term deposit of €5 million with a maturity of one month and deposits of €0.1 million convertible into cash immediately.

4.7 Shareholders' equity

Accounting policies

Common shares are classified under shareholders' equity. The costs of share capital transactions that are directly attributable to the issue of new shares or options are recognized in shareholders' equity as a deduction from the proceeds from the issue, net of tax.

As of December 31, 2019, the capital of the Parent Company consisted of 17,940,035 shares, fully paid up, with a nominal value of 0.10 euro.

	Number of shares
Balance as of December 31, 2016	**8,732,648**
Exercise of share warrants	17,200
Free shares / stock options / share warrants	7,574
Private placement with institutional investors in April	3,000,000
Initial public offering (including 5,389,021 ordinary shares in the form of ADSs)	6,180,137
Balance as of December 31, 2017	**17,937,559**
Free shares	2,476
Balance as of December 31, 2018	**17,940,035**
Balance as of December 31, 2019	**17,940,035**

Capital management

The capital is managed to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company is not subject to any externally imposed capital requirements.

Transaction costs

The costs of issuing ordinary shares amounted to €16,722 thousand in 2017 and were deducted from the share premium increase. These costs were related to bank fees, legal counsels, advisors and auditors' fees.

4.8 Provisions

Accounting policies

A provision is recognized when the Company has a current or implicit legal obligation resulting from a past event, where the obligation can be reliably estimated, and where it is probable that an outflow of resources representing economic benefits will be necessary to settle the obligation. The portion of a provision that become due in less than one year is recorded under current liabilities, and the balance under non-current liabilities. The provisions are discounted when the impact is material.

Disclosure is made on any contingent assets and liabilities where the impact is expected to be material, except where the probability of occurrence is low.

(in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Provision for retirement indemnities	214	347	506
Provisions - non-current portion	**214**	**347**	**506**
Other provisions	—	—	71
Provisions - current portion	**—**	**—**	**71**

Provision for retirement indemnities - defined benefit plans

Accounting policies

The French employees of the Company receive the retirement benefits stipulated by law in France:

- a compensation paid by the Company to employees upon their retirement (defined-benefit plan); and
- a payment of retirement pensions by the social security agencies, which are financed by the contributions made by companies and employees (defined contribution plans in France).

The American employees do not receive defined-benefit plan.

For the defined-benefit plans, the costs of the retirement benefits are estimated by using the projected credit unit method. According to this method, the cost of the retirement benefit is recognized in the statement of income (loss) so that it is distributed uniformly over the term of the services of the employees. The retirement benefit commitments are valued at the current value of the future payments estimated using, for discounting, the market rate for high quality corporate bonds with a term that corresponds to the estimated term for the payment of the benefits.

The difference between the amount of the provision at the beginning of a period and at the close of that period is recognized through profit or loss for the portion representing the costs of services rendered and the net interest costs, and through other comprehensive income for the portion representing the actuarial gains and losses.

The Company's payments for the defined-contribution plans are recognized as expenses on the statement of income (loss) of the period in which they become payable.

The regime for retirement indemnities applicable at the Parent Company, is defined by the collective agreement for the pharmaceutical industry in France.

The pension commitments are not covered by plan assets.

As part of the estimate of the retirement commitments, the following assumptions were used for all categories of employees:

	12/31/2017	12/31/2018	12/31/2019
Discount rate	1.30%	1.57%	0.77%
Wage increase	2%	2%	2%
Social welfare contribution rate - non executive employees	44%	44%	36%
- executive employees	54%	54%	50%
- executive management	54%	55%	52%
Expected staff turnover - non executive and executive employees	Medium - High	Medium - High	High
- executive management	High	Low	Low
Age of retirement	65 - 67 years	65 - 67 years	65 - 67 years
Mortality table	INSEE 2014	INSEE 2014	INSEE 2018

The change in the provision for retirement indemnities is as follows:

(amounts in thousands of euros)	
As of December 31, 2016	**163**
Service costs	57
Financial costs	2
Actuarial gains and losses	(8)
As of December 31, 2017	**214**
Service costs	75
Financial costs	3
Actuarial gains and losses	55
As of December 31, 2018	**347**
Service costs	115
Financial costs	5
Actuarial gains and losses	38
As of December 31, 2019	**506**

Provision for risks

Accounting policies

The provisions for risks correspond to the commitments resulting from litigations and various risks whose due dates and amounts are uncertain.

The amount recognized as a provision is the best estimate of the expenses necessary to extinguish the obligation.

4.9 Financial liabilities

Accounting policies

Financial liabilities are initially recognized at fair value less transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities with a maturity of more than one year are classified in “Financial liabilities – non-current portion” in accordance with IAS 1.

Financial liabilities by type

(amounts in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Conditional advances	1,182	1,181	1,321
Bank loans	1,534	799	62
Financial liabilities related to finance leases	116	39	—
Bank overdrafts	11	—	—
Other	—	—	38
Total financial liabilities	**2,843**	**2,019**	**1,421**

Financial liabilities by maturity

December 31, 2017 (in thousands of euros)	Less than one year	One to three years	Three to five years	More than five years	Total
Conditional advances	—	—	—	1,182	1,182
Bank loans	735	799	—	—	1,534
Financial liabilities related to finance leases	79	37	—	—	116
Bank overdrafts	11	—	—	—	11
Total financial liabilities	**825**	**836**	**—**	**1,182**	**2,843**

December 31, 2018 (in thousands of euros)	Less than one year	One to three years	Three to five years	More than five years	Total
Conditional advances	—	—	—	1,181	1,181
Bank loans	737	62	—	—	799
Financial liabilities related to finance leases	39	—	—	—	39
Total financial liabilities	**776**	**62**	**—**	**1,181**	**2,019**

December 31, 2019 (in thousands of euros)	Less than one year	One to three years	Three to five years	More than five years	Total
Conditional advances	—	—	—	1,321	1,321
Bank loans	62	—	—	—	62
Other	—	—	38	—	38
Total financial liabilities	**62**	**—**	**38**	**1,321**	**1,421**

4.9.1 Bank loans

In 2017, the Company received a bank loan amounting to €1,900 thousand with Société Générale with a 0.4% interest rate and 36 monthly repayment terms to finance its investments.

4.9.2 Conditional advances

Accounting policies

Funds received from BPI France in the form of conditional advances are recognized as financial liabilities, as the Company has a contractual obligation to reimburse BPI France for such conditional advances in cash based on a repayment schedule provided the conditions are complied with.

Receipts or reimbursements of conditional advances are reflected as financing transactions in the statement of cash flows.

The amount resulting from the benefit of conditional advances that do not bear interest at market rates is considered a subsidy. This benefit is determined by applying a discount rate equal to the rate the Company would have to pay for a bank borrowing over a similar maturity.

The implicit interest rate resulting from taking into account all the repayments plus the additional payments due in case of commercial success is used to determine the amount recognized annually as a finance expense.

In the event of a change in payment schedule of the stipulated repayments of the conditional advances, the Company recalculates the net book value of the debt resulting from the discounting of the anticipated new future cash flows at the initial effective interest rate. The adjustment that results therefrom is recognized in the consolidated statement of income (loss) for the period during which the modification is recognized.

(amounts in thousands of euros)	Reimbursable advances
Financial liabilities as of December 31, 2016	**1,181**
Interests	—
Financial liabilities as of December 31, 2017	**1,181**
Interests	—
Financial liabilities as of December 31, 2018	**1,181**
Interests	140
Financial liabilities as of December 31, 2019	**1,321**

Within the scope of the TEDAC project, BPI France granted to the Company a conditional advance for a total amount of €4,895 thousand. This conditional advance is paid upon completion of the following key milestones:

- €63 thousand upon signature of the agreement (received in 2012)
- €1,119 thousand upon the milestones n°4 (received in 2016)
- the remainder upon calls for funds when key milestones are reached (not yet received)

The Company undertakes to repay BPI France:

a) an amount of €5,281 thousand upon achieving cumulative sales (excluding VAT) equal to or greater than €10 million, according to the following payment schedule:
- €500 thousand at the latest on June 30 of the first year in which the cumulative sales condition is achieved,
- €750 thousand at the latest on June 30 of the second year,
- €1,500 thousand at the latest on June 30 of the third year,
- €2,531 thousand at the latest on June 30 of the fourth year,

b) and, where applicable, an annuity equal to 50% of the income generated through the sale of intellectual property rights resulting from the project, within the limit of a total repayment of €5,281 thousand.

As soon as the cumulative amount of the Company's sales exceeds €60 million, the Company undertakes to pay BPI France 2.5% of the sales generated by the products developed within the project during a period of 5 years, limited to a total amount of €15 million.

4.10 Lease liabilities

Accounting policies

In accordance with IFRS 16 *Leases (*"**IFRS 16***")*, applicable since January 1, 2019, the lease liability is recognized on the lessee's balance sheet when the asset linked to the lease agreement become available:
The lease liability is recognized for an amount equal to the present value of the lease payments over the lease term. The lease liability is then increased by the interest expense and decreased by the rents paid.

The lease liability may be remeasured in the following situations:
- Modification related to the assessment of the exercise of an option to purchase or the extension or the non-exercise of a termination option (which become reasonably certain);
- Rent adjustments based on rates and indices provided in the contracts.

The duration corresponds to the firm period of the commitment and takes into account the optional periods that are reasonably certain to be exercised.

The Company has used its judgment in determining the term of the lease agreements providing for an extension option. The fact that the Company has determined that it is reasonably certain to exercise such options affects the lease term and has a significant impact on the amount of the right of use and the lease liability.

Until December 31, 2018, only rental obligations related to finance lease agreements for which the Company bears substantially all the benefits and risks inherent in the ownership of the property were recorded in financial liabilities in accordance with IAS 17 Leases *("**IAS 17**").*

(in thousands of euros)	Lease liabilities
As of December 31, 2018	—
First application of IFRS 16	7,734
Allowance received from a lessor (1)	1,866
Increase without cash impact (2)	4,121
Repayment	(978)
Decrease without cash impact (2)	(339)
FX rate impact	108
Capitalized interests	149
Reclassification	42
As of December 31, 2019	**12,703**

(1) Allowance received for fixture and fittings for Princeton manufacturing facility.
(2) Linked to the partial relocation of the French team in new facilities in July and a decrease in the rental space of a building lease of the previous property lease.

Lease liabilities by maturity

(in thousands of euros)	Less than one year	One to three years	Three to five years	More than five years	Total
As of December 31, 2018	—	—	—	—	—
As of December 31, 2019	**1,425**	**3,411**	**2,525**	**5,342**	**12,703**

4.11 Trade payables and other current liabilities

Accounting policies

Trade payables and other current liabilities are initially measured at their fair value less transaction costs directly attributable, and then at the amortized cost, calculated using the EIR method. Given the due date, the amortized cost is equal to the initial fair value.

(in thousands of euros)	**12/31/2017**	**12/31/2018**	**12/31/2019**
Vendors	4,966	13,402	5,074
Vendors - accruals	3,211	3,253	8,701
Other	(101)	—	—
Total trade and other payables	**8,076**	**16,655**	**13,775**
Social liabilities, taxation and social security	2,706	3,148	3,628
Fixed assets payables	—	—	726
Deferred revenue	—	16	61
Other payables	—	53	96
Total other current liabilities	**2,706**	**3,217**	**4,510**

4.12 Financial instruments recognized in the consolidated statement of financial position and effect on net income (loss)

Accounting policies

The valuation and the accounting treatment of the financial assets and liabilities are defined by IFRS 9 *Financial Instruments* ("**IFRS 9**").

Receivables

These instruments are initially recognized at their fair value and then at the amortized cost calculated with the effective interest rate ("**EIR**") method.

Financial liabilities at the amortized cost

Loans and other financial liabilities are initially measured at their fair value less transaction costs directly attributable, and then at the amortized cost, calculated using the EIR method.

Financial assets and financial liabilities measured at fair value

In accordance with IFRS 13 *Fair Value Measurement* ("**IFRS 13**"), financial instruments are presented in three categories based on a hierarchical method used to determine their fair value:

- Level 1: fair value calculated using quoted prices in an active market for identical assets and liabilities;
- Level 2: fair value calculated using valuation techniques based on observable market data such as prices of similar assets and liabilities or parameters quoted in an active market;
- Level 3: fair value calculated using valuation techniques based wholly or partly on unobservable inputs such as prices in an inactive market or a valuation based on multiples for unlisted securities.

As of December 31, 2017 (amounts in thousands of euros)	**Carrying amount on the statement of financial position**	**Fair value through profit and loss**	**Loans and receivables**	**Debt at amortized cost**	**Fair value**
Other non-current financial assets	234		234		234
Trade and other receivables	76		76		76
Other current assets	5,790		5,790		5,790
Cash and cash equivalents	185,525	185,525			185,525
Total financial assets	**191,626**	**185,525**	**6,100**	**—**	**191,626**
Financial liabilities - non current portion	2,019			2,019	2,019
Financial liabilities - current portion	824			824	824
Trade and other payables	8,076			8,076	8,076
Total financial liabilities	**10,919**	**—**	**—**	**10,919**	**10,919**

As of December 31, 2018 (amounts in thousands of euros)	Carrying amount on the statement of financial position	Fair value through profit and loss	Fair value through other comprehensive income	Loans and receivables	Debt at amortized cost	Fair value
Other non-current financial assets	1,046			1,046		1,046
Trade and other receivables	30			30		30
Other current assets	14,111			14,111		14,111
Cash and cash equivalents	134,371	134,371				134,371
Total financial assets	**149,557**	**134,371**	**—**	**15,187**	**—**	**149,557**
Financial liabilities - non current portion	1,243				1,243	1,243
Financial liabilities - current portion	776				776	776
Trade and other payables	16,655				16,655	16,655
Total financial liabilities	**18,674**	**—**	**—**	**—**	**18,674**	**18,674**

As of December 31, 2019 (amounts in thousands of euros)	Carrying amount on the statement of financial position	Fair value through profit and loss	Fair value through other comprehensive income	Loans and receivables	Debt at amortized cost	Fair value
Other non-current financial assets	718			718		718
Other current financial assets	41			41		41
Trade and other receivables	36			36		36
Other current assets	5,788			5,788		5,788
Cash and cash equivalents	73,173	73,173				73,173
Total financial assets	**79,756**	**73,173**	**—**	**6,583**	**—**	**79,756**
Financial liabilities - non current portion	1,321				1,321	1,321
Lease liabilities - non current portion	11,278				11,278	11,278
Financial liabilities - current portion	99				99	99
Lease liabilities - current portion	1,425				1,425	1,425
Trade and other payables	13,775				13,775	13,775
Other current liabilities	4,449				4,449	4,449
Total financial liabilities	**32,348**	**—**	**—**	**—**	**32,348**	**32,348**

(1) The carrying amount of these assets and liabilities is a reasonable approximation of their fair value.
(2) Cash and cash equivalents are comprised of money market funds and time deposit accounts, which are measured using level 1 measurements.
(3) The fair value of financial liabilities is determined using level 1 measurements.
(4) The fair value of lease liabilities is determined using level 2 measurements.

5. RELATED PARTIES

The Company's related parties include the Chairman of the Board of Directors (Jean-Paul Kress), the Chief Executive Officer (Gil Beyen), the two Deputy General Managers (Jérôme Bailly and Eric Soyer), members of the Board of Directors (five Board members in addition to the Chairman and the Chief Executive Officer) and members of the executive committee (four members in addition to the Chief Executive Officer and the Deputy General Managers).

The remuneration of directors and members of the executive committee was as set forth in the table below.

	12/31/2017			12/31/2018			12/31/2019		
(amounts in thousands of euros)	***Salary / Fees***	***Retirement benefits***	***Share based payments***	***Salary / Fees***	***Retirement benefits***	***Share based payments***	***Salary / Fees***	***Retirement benefits***	***Share based payments***
Executive officers / VP and qualified person	654	19	306	692	26	337	1,077	16	334
Executive committee	1,519	25	478	1,285	30	528	1,277	10	299
Board of directors	229	—	336	241	—	442	321	—	125
Total	**2,402**	**44**	**1,120**	**2,218**	**56**	**1,307**	**2,675**	**26**	**757**

The Company has no other related parties.

6. MANAGEMENT OF FINANCIAL RISKS

The principal financial instruments held by the Company are securities that are classified as cash and cash equivalents. The purpose of holding these instruments is to finance the ongoing business activities of the Company. It is not the Company's policy to invest in financial instruments for speculative purposes.

The principal risks to which the Company is exposed are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk.

Liquidity risk

The Company has been structurally loss-generating since its creation. The net cash flows used by the Company's operating activities were respectively €24.7 million, €47.9 million and €43.3 million for the years ended December 31, 2017, 2018 and 2019, respectively.

At the approval date of the financial statements, the Board of Directors management believes that the Company will be able to fund its operations until February 2021 (see note 2.1).

As of December 31, 2017 (amounts in thousands of euros)	**Less than one year**	**One to five years**	**More than five years**	**Total**
Conditional advances	—	—	1,182	1,182
Bank loans	735	799	—	1,534
Liabilities related to finance leases	79	37	—	116
Bank overdrafts	11	—	—	11
Trade and fixed assets payables	4,865	—	—	4,865
Total	**5,690**	**836**	**1,182**	**7,708**

As of December 31, 2018 (amounts in thousands of euros)	**Less than one year**	**One to five years**	**More than five years**	**Total**
Conditional advances	—	—	1,181	1,181
Bank loans	737	62	—	799
Liabilities related to finance leases	39	—	—	39
Trade and fixed assets payables	13,402	—	—	13,402
Total	**14,178**	**62**	**1,181**	**15,421**

As of December 31, 2019 (amounts in thousands of euros)	Less than one year	One to five years	More than five years	Total
Lease liabilities	1,425	5,935	5,342	12,703
Conditional advances	—	—	1,321	1,321
Bank loans	62	—	—	62
Other	—	38	—	38
Trade and fixed assets payables	5,800	—	—	5,800
Total	**7,286**	**5,973**	**6,663**	**19,923**

Foreign currency exchange risk

The Company's functional currency is the euro. However, a significant portion of about 25% of its operating expenses is denominated in U.S. dollars (manufacturing facility in Princeton (New Jersey) office in Cambridge (Massachusetts), business development consultants, consultants for the development of clinical trials in the United States, and various collaborations relating to tests and clinical projects in the United States). As a result, the Company is exposed to foreign exchange risk inherent in operating expenses incurred. Furthermore, the Company signed a license agreement with SQZ Biotechnologies in June 2019 whose potential payments are in U.S. dollars.

As of December 31, 2019, management believes that the Company's bank account position held in U.S. dollars is sufficient to cover operating expenses in dollars. As a consequence, the Company does not have a significant foreign currency exchange risk as of December 31, 2019. If this exposure to foreign exchange risk increase in the future, the Company will opt to use exchange rate hedging techniques.

The bank account position held in U.S. dollars amounted to $35,224 thousand as of December 31, 2019.
Change in exchange rate from 1% would have an impact of €310 thousand as of December 31, 2019.
Change in exchange rate from 5% would have an impact of €1,493 thousand as of December 31, 2019.
Change in exchange rate from 10% would have an impact of €2,850 thousand as of December 31, 2019.

Interest rate risk

The Company has very low exposure to interest rate risk. Such exposure primarily involves money market funds and time deposit accounts. Changes in interest rates have a direct impact on the rate of return on these investments and the cash flows generated.

The currently outstanding bank loans bear interest at a fixed rate, and therefore the company is not subject to interest rate risk with respect to these loans.

Credit risk

The credit risk related to the Company's cash and cash equivalents is not significant in light of the quality of the co-contracting financial institutions.

Inflation Risk

The Company does not believe that inflation has had a material effect on its business, financial condition or results of operations. If the Company's costs were to become subject to significant inflationary pressures, the Company may not be able to fully offset such higher costs through price increases. Its inability or failure to do so could harm its business, financial condition and operating result.

7. OFF-BALANCE SHEET COMMITMENTS

Collaborative arrangements

Agreement with Orphan Europe

In November 2012, the Company entered into a marketing agreement with Orphan Europe, a subsidiary of Recordati Group, to market and distribute GRASPA® for the treatment of ALL and AML in 38 countries in Europe, including all of the countries in the European Union.

As a consequence of the Company's withdrawal of the MAA for ALL and the Company's strategic re-focus on solid tumors, this contract was terminated during the first half of 2019, without any financial consequence for the Company.

Agreement with the Teva Group

In March 2011, the Company entered into a partnership agreement with the Teva Group (through Abic Marketing Limited), or Teva, to distribute GRASPA® in Israel. Under the terms of the agreement, Teva will submit the request for approval of GRASPA® for ALL in Israel and is responsible for the marketing and distribution of GRASPA® in Israel. Teva will pay interim payments to the Company and will share net earnings of product sales in Israel with the Company.

Agreement with SQZ Biotechnologies

On June 24, 2019, the Company entered into a collaboration agreement with SQZ Biotechnologies, a cell therapy company developing novel treatments in multiple therapeutic areas, to advance novel red blood cell-based therapeutics for immune modulation. Under the terms of the agreement, the Company has granted to SQZ Biotechnologies an exclusive worldwide license to develop antigen specific immune modulating therapies employing red blood cell-based approaches. Combining SQZ Biotechnologies' proprietary and versatile cell engineering platform with the intellectual property of the Company related to red blood cell-based therapeutics is intended to allow for the rapid development of a broad pipeline of novel immunomodulatory products addressing multiple indications.
The agreement provides for:

- An upfront payment of $1 million (recognized in 2019);
- Potential development, regulatory and commercial milestone payments up to $56 million for the first product successfully developed by SQZ Biotechnologies under this agreement;
- The Company could also receive progressive royalties based on future sales.

Sublease in the United-States
In July 2019, the Company signed a sublease agreement for a portion of its premises located in Cambridge.

(amounts in thousands of euros)	**Sublease to be received**			
As of December 31, 2019	**Total**	**Less than one year**	**One to five years**	**More than five years**
Sublease in US	519	166	353	—
Total sublease to be received	**519**	**166**	**353**	**—**

This sublease contract is classified as an operating lease: the right of use linked to the main contract is recognized in assets and the income from the sublease are recognized in the statement of income (loss) over the term of the sublease contract.

Exhibit 2.3

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following description sets forth certain material terms and provisions of the securities of ERYTECH Pharma S.A. ("ERYTECH," the "Company," "we," "us" and "our") that are registered under Section 12 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). This description also summarizes relevant provisions of our by-laws and French law. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of French law and our by-laws, a copy of which is incorporated by reference as an exhibit to the Annual Report on 20-F of which this Exhibit is a part. We encourage you to read our by-laws and the applicable provisions of French law for additional information.

General

As of December 31, 2019, we had the following series of securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Ordinary shares, nominal value €0.10 per share*	ERYP	The Nasdaq Stock Market LLC
American Depositary Shares, each representing one ordinary share, nominal value €0.10 per share	*	The Nasdaq Stock Market LLC

*Not for trading, but only in connection with the registration of the American Depositary Shares.

The following is a description of the rights of (i) the holders of ordinary shares and (ii) the holders of American Depositary Shares, or ADSs. Ordinary shares underlying the outstanding ADSs are held by Bank of New York Mellon, as depositary.

I. ORDINARY SHARES

Our legal and commercial name is ERYTECH Pharma S.A. We were incorporated as a *société par actions simplifiée*, or S.A.S., under the laws of the French Republic on October 26, 2004 and became a *société anonyme*, or S.A., on September 29, 2005. We are registered at the Register of Commerce and Companies of Lyon (*Registre du commerce et des sociétés*) under the number 479 560 013. In April 2014, we incorporated our wholly-owned U.S. subsidiary, ERYTECH Pharma, Inc.

As of December 31, 2019, our outstanding share capital consisted of a total of 17,940,035 issued ordinary shares, fully paid and with a nominal value €0.10 per share. The Company has no preferred shares outstanding.

Key Provisions of Our Bylaws and French Law Affecting Our Ordinary Shares

The description below reflects a summary of the key terms of our bylaws and summarizes the material rights of holders of our ordinary shares under French law. Please note that this is only a summary and is not intended to be exhaustive. For further information, please refer to the full text of our bylaws, a copy of which has been filed as an exhibit to our Annual Report on Form 20-F of which this Exhibit is a part.

Corporate Purpose (Article 3 of the Bylaws)

Our corporate purpose in France and abroad includes the research, manufacturing, importation, distribution and marketing of investigational drugs, devices and medical equipment, and the provision of advisory services associated with these activities. We are authorized to engage in all financial, commercial, industrial, civil, property or security-related transactions that directly or indirectly relate to accomplishing the purposes stated above.

Our company may act directly or indirectly and do all these operations in all countries, for or on behalf of third parties, either alone or with partnership with third parties, association, group or creation of new companies, contribution, sponsorship, subscription, purchase of shares or rights, mergers, alliances, undeclared partnership or taking or giving in lease or in management of all property and rights or otherwise.

Directors (Articles 17-22 of the Bylaws)

Duties of the Board. Except for powers given to our shareholders by law and within the limit of the corporate purpose, our board of directors is responsible for all matters relating to the successful operations of our company and, through its resolutions, governs matters involving the company.

Appointment and Term. Our board of directors must be composed of at least three members, but may not exceed 18 members, subject to the dispensation established by law in the event of merger. In appointing and electing directors, we seek a balanced representation of women and men. The term of a director is 3 years, and directors may be re-elected at our annual ordinary share meetings; however, a director over the age of 75 may not be appointed if such appointment would result in the number of directors over the age of 75 constituting more than one-third of the board. The number of directors who are also our employees cannot exceed one-third of the board. Directors may be natural persons or legal entities except for the chairman of the board who must be a natural person. Legal entities appointed to the board must designate a permanent representative. If a director dies or resigns between annual meetings, the board may appoint a temporary director to fill the vacancy, subject to ratification at the next ordinary general meeting, or, if such vacancy results in a number of directors below three, the board must call an ordinary general meeting to fill the vacancy. If a director is absent at more than four consecutive meetings, he or she will be deemed to have automatically resigned.

Organization. The board must elect a chairman from among the board members. The chairman must be a natural person, age 75 or younger, and may be removed by the board at any time. The board may also elect a natural person as vice president to preside in the chairman's absence and may designate up to two non-voting board observers.

Deliberations. At least half of the number of directors in office must be present to constitute a quorum. Decisions are made by a majority of the directors present or represented and, if there is a tie, the vote of the chairman will carry the decision. Meetings may be held as often as required; however, the chairman is required to call a meeting with a determined agenda upon the request of at least one-third of the directors if the board has not met for more than two months. French law and our charter and bylaws allow directors to attend meetings in person or, to the extent permitted by applicable law and with specified exceptions in our bylaws, by videoconference or other telecommunications arrangements.

Directors' Voting Powers on Proposal, Arrangement or Contract in which any Director is Materially Interested. Under French law, any agreement entered into, directly or through an intermediary, between us and any director that is not entered into in the ordinary course of our business and upon standard market terms is subject to the prior authorization of the board of directors. The interested director cannot vote on such decision. The same provision applies to agreements between us and another company, except where such company is our wholly owned subsidiary, if one of our directors is the owner or a general partner, manager, director, general manager or member of the executive or supervisory board of the other company, as well as to agreements in which one of our directors has an indirect interest.

Directors' Compensation. Director compensation is determined at the annual ordinary general meeting. The general meeting may allocate an annual fixed sum and the board of directors allocates this sum among its members as it sees fit. In addition, the Board of directors may allocate exceptional compensation (*rémunération exceptionnelle*) for missions or mandates entrusted to its members, for example as member or chair of one or more board committees, this remuneration is subject to the provisions regarding related-parties agreements. At our combined general meetings of shareholders held on June 27, 2017, June 28, 2018 and June 21, 2019, shareholders set the total annual compensation

to be distributed among non-employee directors at €280 thousand for 2017 and 2018, respectively, and €400 thousand for 2019.

Board of Directors' Borrowing Powers. There are currently no limits imposed on the amounts of loans or borrowings that the board of directors may approve.

Directors' Share Ownership Requirements. Our directors are not required to own any of our shares.

Rights, Preferences and Restrictions Attaching to Ordinary Shares (Articles 9, 16, 30, 33 and 34 of the Bylaws)

Dividends. We may only distribute dividends out of our distributable profits, plus any amounts held in our reserves that the shareholders decide to make available for distribution, other than those reserves that are specifically required by law.

"Distributable Profits" consist of our statutory net profit in each fiscal year, calculated in accordance with accounting standards applicable in France, as increased or reduced by any profit or loss carried forward from prior years, less any contributions to the reserve accounts pursuant to French law.

Legal Reserve. Pursuant to French law, we must allocate 5% of our statutory net profit for each year to our legal reserve fund before dividends may be paid with respect to that year. Funds must be allocated until the amount in the legal reserve is equal to 10% of the aggregate par value of the issued and outstanding share capital.

Approval of Dividends. Pursuant to French law, our board of directors may propose a dividend for approval by the shareholders at the annual ordinary general meeting.

Upon recommendation of our board of directors, our shareholders may decide to allocate all or part of any distributable profits to special or general reserves, to carry them forward to the next fiscal year as retained earnings or to allocate them to the shareholders as dividends. However, dividends may not be distributed when our net assets are or would become as a result of such distribution lower than the amount of the share capital plus the amount of the legal reserves which, under French law, may not be distributed to shareholders. The amount of our share capital plus the amount of our legal reserves which may not be distributed was equal to €121,075,399.50 at June 21, 2019.

Our board of directors may distribute interim dividends after the end of the fiscal year but before the approval of the financial statements for the relevant fiscal year when the interim balance sheet, established during such year and certified by an auditor, reflects that we have earned distributable profits since the close of the last financial year, after recognizing the necessary depreciation and provisions and after deducting prior losses, if any, and the sums to be allocated to reserves, as required by law or the bylaws, and including any retained earnings. The amount of such interim dividends may not exceed the amount of the profit so defined.

Pursuant to French legislation, if a dividend is declared we may be required to pay a dividend tax in an amount equal to 3% of the aggregate dividend paid by us. However, the European Court of Justice, or ECJ, has ruled that the 3% dividend tax may not be applied to redistribution of dividends we receive from our subsidiaries established in another Member State of the EU, in that it creates double taxation of profits made within the EU as prohibited by Article 9 of the Parent-Subsidiary directive (ECJ, 1st ch. May 17, 2017, case C-365/16 AFEP).

Distribution of Dividends. Dividends are distributed to shareholders *pro rata* according to their respective holdings of shares. In the case of interim dividends, distributions are made to shareholders on the date set by our board of directors during the meeting in which the distribution of interim dividends is approved. The actual dividend payment date is decided by the shareholders at an ordinary general shareholders' meeting or by our board of directors in the absence of such a decision by the shareholders. Shareholders that own shares on the actual payment date are entitled to the dividend.

Shareholders may be granted an option to receive dividends in cash or in shares, in accordance with legal conditions. The conditions for payment of dividends in cash shall be set at the shareholders' meeting or, failing this, by the board of directors.

Timing of Payment. Pursuant to French law, dividends must be paid within a maximum of nine months after the close of the relevant fiscal year, unless extended by court order. Dividends not claimed within five years after the payment date shall be deemed to expire and revert to the French state.

Voting Rights. Each share shall entitle its holder to vote and be represented in the shareholders' meetings in accordance with the provisions of French law and of our bylaws. Ownership of one share implies, ipso jure, adherence to our bylaws and the decisions of the shareholders' meeting.

In general, each shareholder is entitled to one vote per share at any general shareholders' meeting. Pursuant to our bylaws, however, a double voting right is attached to each registered share which is held in the name of the same shareholder for at least two years.

Under French law, treasury shares or shares held by entities controlled by us are not entitled to voting rights and do not count for quorum purposes.

Rights to Share in Our Profit. Each share entitles its holder to a portion of the corporate profits and assets proportional to the amount of share capital represented thereby.

Rights to Share in the Surplus in the Event of Liquidation. If we are liquidated, any assets remaining after payment of the debts, liquidation expenses and all of the remaining obligations will first be used to repay in full the par value of our shares. Any surplus will be distributed pro rata among shareholders in proportion to the number of shares respectively held by them, taking into account, where applicable, of the rights attached to shares of different classes.

Repurchase and Redemption of Shares. Under French law, we may acquire our own shares. Such acquisition may be challenged on the ground of market abuse regulations. However, Regulation 596/2014 of April 16, 2014 and its delegated regulations, or MAR, provides for safe harbor exemptions when the acquisition is made (i) under a buy-back program to be authorized by the shareholders in accordance with the provisions of Article L. 225-209 of the French Commercial Code and with the General Regulations of the French Financial Markets Authority, or AMF and (ii) for one of the following purposes:

- to decrease our share capital, provided that such a decision is not driven by losses and that a purchase offer is made to all shareholders on a pro rata basis, with the approval of the shareholders at an extraordinary general shareholders' meeting; in this case, the shares repurchased must be cancelled within one month from the expiry of the purchase offer;
- to meet obligations arising from debt securities that are exchangeable into equity instruments;
- to provide shares for distribution to employees or managers under a profit-sharing, free share or share option plan; in this case the shares repurchased must be distributed within 12 months from their repurchase failing which they must be cancelled; or
- under a buy-back program to be authorized by the shareholders in strict compliance of market manipulation and insider dealing rules and in accordance with provisions of Article L. 225-209 of the French Commercial Code and in accordance with the general regulations of, and market practices accepted by the AMF.

Under MAR and in accordance with the General Regulations of the AMF, a corporation shall report to the competent authority of the trading value on which the shares have been admitted to trading or are traded, no later than by the end of the seventh daily market session following the date of the execution of the transaction, all the transactions relating to the buy-back program, in a detailed form and in an aggregated form.

No such repurchase of shares may result in us holding, directly or through a person acting on our behalf, more than 10% of our issued share capital. Shares repurchased by us continue to be deemed "issued" under French law but are not entitled to dividends or voting rights so long as we hold them directly or indirectly, and we may not exercise the preemptive rights attached to them.

Sinking Fund Provisions. Our bylaws do not provide for any sinking fund provisions.

Liability to Further Capital Calls. Shareholders are liable for corporate liabilities only up to the par value of the shares they hold; they are not liable to further capital calls.

Requirements for Holdings Exceeding Certain Percentages. None, except as described below under the sections of this Exhibit 2.3 titled "Declaration of Crossing of Ownership Thresholds (Article 9 of the Bylaws)" and "Form, Holding and Transfer of Shares (Articles 13 and 15 of the Bylaws)—Ownership of Shares by Non-French Persons."

Actions Necessary to Modify Shareholders' Rights

Shareholders' rights may be modified as allowed by French law. Only the extraordinary general shareholders' meeting is authorized to amend any and all provisions of our bylaws. It may not, however, increase shareholder commitments without the prior approval of each shareholder.

Special Voting Rights of Warrant Holders

Under French law, the holders of warrants of the same class (i.e., warrants that were issued at the same time and with the same rights), including founder's warrants, are entitled to vote as a separate class at a general meeting of that class of warrant holders under certain circumstances, principally in connection with any proposed modification of the terms and conditions of the class of warrants or any proposed issuance of preferred shares or any modification of the rights of any outstanding class or series of preferred shares.

Rules for Admission to and Calling Annual Shareholders' Meetings and Extraordinary Shareholders' Meetings (Section IV of the Bylaws)

Access to, Participation in and Voting Rights at Shareholders' Meetings. Shareholders' meetings are composed of all shareholders, regardless of the number of shares they hold. Each shareholder has the right to attend the meetings and participate in the discussions (1) personally; (2) by granting proxy to any individual or legal entity of his choosing; (3) by sending a proxy to the company without indication of the mandate; (4) by voting by correspondence; or (5) at the option of the board of directors at the time the meeting is called, by videoconference or another means of telecommunication, including internet, in accordance with applicable laws that allow identification. The board of directors organizes, in accordance with legal and regulatory requirements, the participation and vote of these shareholders at the meeting, assuring, in particular, the effectiveness of the means of identification.

Participation in shareholders' general meetings, in any form whatsoever, is subject to registration or registration of shares under the conditions and time limits provided for applicable laws.

The final date for returning voting ballots by correspondence is set by the board of directors and disclosed in the notice of meeting published in the French Journal of Mandatory Statutory Notices, or BALO *(Bulletin des Annonces Légales Obligatoires)*. This date cannot be earlier than three days prior to the meeting unless otherwise provided in the bylaws. Our bylaws provide that the board of directors has the option to accept the voting ballots by correspondence beyond the limit set by applicable laws.

A shareholder who has voted by correspondence will no longer be able to participate directly in the meeting or to be represented. In the case of returning the proxy form and the voting by correspondence form, the proxy form is taken into account, subject to the votes cast in the voting by correspondence form.

A shareholder may be represented at meetings by any individual or legal entity by means of a proxy form which we send to such shareholder either at the shareholder's request or at our initiative. A shareholder's request for a proxy form must be received at the registered office at least five days before the date of the meeting. The proxy is only valid for a single meeting or for successive meetings convened with the same agenda. It can also be granted for two meetings, one ordinary, and the other extraordinary, held on the same day or within a period of fifteen days.

A shareholder may vote by correspondence by means of a voting form, which we send to such shareholder either at the shareholder's request or at our initiative, or which we include in an appendix to a proxy voting form under the conditions provided for by current laws and requirements. A shareholder's request for a voting form must be received at the registered office at least six days before the date of the meeting. The voting form is also available on our website at least 21 days before the date of the meeting. The voting form must be recorded by us three days prior to the shareholders' meeting, in order to be taken into consideration. The voting by correspondence form addressed by a shareholder is only valid for a single meeting or for successive meetings convened with the same agenda.

To better understand the voting rights of the ADSs, you should carefully read the section in this Exhibit 2.3 titled "Description of American Depositary Shares—Voting Rights."

Notice of Annual Shareholders' Meetings. Shareholders' meetings are convened by our board of directors, or, failing that, by the statutory auditors, or by a court appointed agent or liquidator in certain circumstances. Meetings are held at our registered offices or at any other location indicated in the meeting announcement (*avis de réunion*). A meeting announcement is published in the BALO at least 35 days prior to a meeting, as well as on our website at least 21 days prior to the meeting. In addition to the particulars relative to the company, it indicates, notably, the meeting's agenda

and the draft resolutions that will be presented. The requests for recording of issues or draft resolutions on the agenda must be addressed to the company under the conditions provided for in the current legislation.

Subject to special legal provisions, the convening notice (*avis de convocation*) is sent out at least 15 days prior to the date of the meeting, by means of a notice inserted both in a legal announcement bulletin of the registered office department and in the BALO. Further, the holders of registered shares for at least a month at the time of the latest of the insertions of the convening notice shall be summoned individually, by regular letter (or by registered letter if they request it and include an advance of expenses) sent to their last known address. This notice may also be transmitted by electronic means of telecommunication, in lieu of any such mailing, to any shareholder requesting it beforehand by registered letter with acknowledgment of receipt in accordance with legal and regulatory requirements, specifying his e-mail address. The latter may at any time expressly request by registered letter to the Company with acknowledgment of receipt that the aforementioned means of telecommunication should be replaced in the future by a mailing.

The convening notice must also indicate the conditions under which the shareholders may vote by correspondence and the places and conditions in which they can obtain voting forms by mail.

The convening notice may be addressed, where appropriate, with a proxy form and a voting by correspondence form, under the conditions specified in our bylaws, or with a voting by correspondence form alone, under the conditions specified in our bylaws. When the shareholders' meeting cannot deliberate due to the lack of the required quorum, the second meeting must be called at least ten days in advance in the same manner as used for the first notice.

Agenda and Conduct of Annual Shareholders' Meetings. The agenda of the shareholders' meeting shall appear in the convening notice of the meeting and is set by the author of the notice. The shareholders' meeting may only deliberate on the items on the agenda except for the removal of directors and the appointment of their successors which may be put to vote by any shareholder during any shareholders' meeting. Pursuant to French law and our current share capital, one or more shareholders representing 5% of our share capital may request the inclusion of items or proposed resolutions on the agenda. Such request must be received at the latest on the 25th day preceding the date of the shareholders' meeting, and in any event no later than the 20th day following the date of the shareholders' meeting announcement.

Shareholders' meetings shall be chaired by the Chairman of the board of directors or, in his or her absence, by a Deputy Chairman or by a director elected for this purpose. Failing that, the meeting itself shall elect a Chairman. Vote counting shall be performed by the two members of the meeting who are present and accept such duties, who represent, either on their own behalf or as proxies, the greatest number of votes.

Ordinary Shareholders' Meeting. Ordinary shareholders' meetings are those meetings called to make any and all decisions that do not amend our bylaws. An ordinary meeting shall be convened at least once a year within six months of the end of each fiscal year in order to approve the annual and consolidated accounts for the relevant fiscal year or, in case of postponement, within the period established by court order. Upon first notice, the meeting may validly deliberate only if the shareholders present or represented by proxy or voting by mail represent at least one-fifth of the shares entitled to vote. Upon second notice, no quorum is required. As the date of the filing of our Annual Report on Form 20-F for the year ended December 31, 2019, decisions are made by a majority of the votes held by the shareholders present, or represented by proxy, or voting by mail. Abstentions will have the same effect of a "no" vote. As from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019, decisions will be made by a majority of the votes cast by the shareholders present, represented by proxy, or voting by mail. The votes cast will not include those attached to shares for which the shareholder did not participate in the vote, abstained or voted blank or void. In addition, pursuant to a recent AMF recommendation, French listed companies may be required to conduct a consultation of the ordinary shareholders meeting prior to the disposal of the majority of their assets, under certain circumstances.

Extraordinary Shareholders' Meeting. Our bylaws may only be amended by approval at an extraordinary general shareholders' meeting. Our bylaws may not, however, be amended to increase shareholder commitments without the approval of each shareholder. Subject to the legal provisions governing share capital increases from reserves, profits or share premiums, the resolutions of the extraordinary general shareholders' meeting shall be valid only if the shareholders present, represented by proxy or voting by mail represent at least one-fourth of all shares entitled to vote upon first notice, or one-fifth upon second notice. If the latter quorum is not reached, the second meeting may be

postponed to a date no later than two months after the date for which it was initially called. As the date of the filing of our Annual Report on Form 20-F for the year ended December 31, 2019, decisions are made by a two-thirds majority of the votes held by the shareholders present, represented by proxy, or voting by mail. Abstentions will have the same effect of a "no" vote. As from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019, decisions will be made by a majority of the votes cast by the shareholders present, represented by proxy, or voting by mail. The votes cast will not include those attached to shares for which the shareholder did not participate in the vote, abstained or voted blank or void.

Provisions Having the Effect of Delaying, Deferring or Preventing a Change in Control of Our Company

Provisions contained in our bylaws and French corporate law could make it more difficult for a third-party to acquire us, even if doing so might be beneficial to our shareholders. These provisions include the following:

- under French law, the owner of 90% of the share capital or voting rights of a public company listed on a regulated market in a Member State of the European Union or in a state party to the EEA Agreement, including from the main French Stock Exchange, has the right to force out minority shareholders following a tender offer made to all shareholders;
- under French law, a non-resident of France as well as any French entity controlled by non-residents of France may have to file a declaration for statistical purposes with the Bank of France (*Banque de France*) within 20 working days following the date of certain direct foreign investments in us, including any purchase of our ADSs. In particular, such filings are required in connection with investments exceeding €15,000,000 that lead to the acquisition of at least 10% of our share capital or voting rights or cross such 10% threshold. See "Limitations Affecting Shareholders of a French Company;".
- under French law, certain investments in a French company relating to certain strategic industries by individuals or entities not residents in a Member State of the European Union are subject to prior authorization of the Ministry of Economy pursuant to Law n°2019-486 (and as from April 1st, 2020 pursuant to the decree n°2019-1590. See "Limitations Affecting Shareholders of a French Company;"
- a merger (i.e., in a French law context, a share for share exchange following which our company would be dissolved without being liquidated into the acquiring entity and our shareholders would become shareholders of the acquiring entity) of our company into a company incorporated in the European Union would require the approval of our board of directors as well as a two-thirds majority of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by the shareholders present, represented by proxy or voting by mail at the relevant meeting;
- a merger of our company into a company incorporated outside of the European Union would require the unanimous approval of our shareholders;
- under French law, a cash merger is treated as a share purchase and would require the consent of each participating shareholder;
- our shareholders have granted and may grant in the future our board of directors broad authorizations to increase our share capital or to issue additional ordinary shares or other securities, such as warrants, to our shareholders, the public or qualified investors, including as a possible defense following the launching of a tender offer for our shares;
- our shareholders have preferential subscription rights on a *pro rata* basis on the future issuance by us of any additional securities for cash or a set-off of cash debts, which rights may only be waived by the extraordinary general shareholders' meeting (by a two-thirds majority vote) of our shareholders or on an individual basis by each shareholder;
- our board of directors has the right to appoint directors to fill a vacancy created by the resignation or death of a director, for the remaining duration of such director's term of office and subject to the approval by the shareholders of such appointment at the next shareholders' meeting, which prevents shareholders from having the sole right to fill vacancies on our board of directors;
- our board of directors can be convened by our chairman or our managing director, if any, or, when no board meeting has been held for more than two consecutive months, by directors representing at least one third of the total number of directors;

- our board of directors meetings can only be regularly held if at least half of the directors attend either physically or by way of videoconference or teleconference enabling the directors' identification and ensuring their effective participation in the board's decisions;
- our shares are nominative or bearer, if the legislation so permits, according to the shareholder's choice;
- approval of at least a majority of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by shareholders present, represented by a proxy, or voting by mail at the relevant ordinary shareholders' general meeting is required to remove directors with or without cause;
- advance notice is required for nominations to the board of directors or for proposing matters to be acted upon at a shareholders' meeting, except that a vote to remove and replace a director can be proposed at any shareholders' meeting without notice;
- our bylaws can be changed in accordance with applicable laws;
- the crossing of certain thresholds has to be disclosed and can impose certain obligations; see the section of this Exhibit 2.3 titled "Declaration of Crossing of Ownership Thresholds (Article 9 of the Bylaws)";
- transfers of shares shall comply with applicable insider trading rules and regulations, and in particular with the Market Abuse Directive and Regulation dated April 16, 2014; and
- pursuant to French law, the sections of the bylaws relating to the number of directors and election and removal of a director from office may only be modified by a resolution adopted by two-thirds of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by our shareholders present, represented by a proxy or voting by mail at the meeting.

Declaration of Crossing of Ownership Thresholds (Article 9 of the Bylaws)

Set forth below is a summary of certain provisions of the French Commercial Code applicable to us. This summary is not intended to be a complete description of applicable rules under French law.

Any individual or legal entity referred to in Articles L. 233-7, L. 233-9 and L. 223-10 of the French Commercial Code coming to directly or indirectly own, or cease to own, alone or in concert, a number of shares representing a fraction of the Company's capital or voting rights greater or equal to 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% and 95% shall inform the Company as well as the French Financial Market Authority (AMF) of the total number of shares and voting rights and of securities giving access to the capital or voting rights that it owns immediately or over time within a period of four trading days from the crossing of the said holding thresholds.

This obligation applies when crossing each of the above-mentioned thresholds in a downward direction.

In case of failure to declare shares or voting rights exceeding the fraction that should have been declared, such shares shall be deprived of voting rights at General Meetings of Shareholders for any meeting that would be held until the expiry of a period of two years from the date of regularization of the notification in accordance with Article L. 233-14 of the French Commercial Code.

In addition, any shareholder crossing, alone or acting in concert, the 10%, 15%, 20% or 25% threshold shall file a declaration with the AMF pursuant to which it shall expose its intention over the following 6 months, including notably whether it intends to continue acquiring shares of the company, it intends to acquire control over the company, its intended strategy for the company.

Further, and subject to certain exemptions, any shareholder crossing, alone or acting in concert, the 30% threshold shall file a mandatory public tender offer with the AMF. Also, any shareholder holding directly or indirectly a number between 30% and 50% of the capital or voting rights and who, in less than 12 consecutive months, increases his/her/its holding of capital or voting rights by at least 1% company's capital or voting rights, shall file a mandatory public tender offer.

Changes in Share Capital

Increases in Share Capital (Article 10 of the Bylaws). Pursuant to French law, our share capital may be increased only with shareholders' approval at an extraordinary general shareholders' meeting following the recommendation of our

board of directors. The shareholders may delegate to our board of directors either the authority (*délégation de compétence*) or the power (*délégation de pouvoir*) to carry out any increase in share capital.

Increases in our share capital may be effected by:

- issuing additional shares;
- increasing the par value of existing shares;
- creating a new class of equity securities; and
- exercising the rights attached to securities giving access to the share capital.

Increases in share capital by issuing additional securities may be effected through one or a combination of the following:

- in consideration for cash;
- in consideration for assets contributed in kind;
- through an exchange offer;
- by conversion of previously issued debt instruments;
- by capitalization of profits, reserves or share premium; and
- subject to certain conditions, by way of offset against debt incurred by us.

Decisions to increase the share capital through the capitalization of reserves, profits and/or share premium require shareholders' approval at an extraordinary general shareholders' meeting, acting under the quorum and majority requirements applicable to ordinary shareholders' meetings. Increases effected by an increase in the par value of shares require unanimous approval of the shareholders, unless effected by capitalization of reserves, profits or share premium. All other capital increases require shareholders' approval at an extraordinary general shareholders' meeting acting under the regular quorum and majority requirements for such meetings.

Reduction in Share Capital. Pursuant to French law, any reduction in our share capital requires shareholders' approval at an extraordinary general shareholders' meeting following the recommendation of our board of directors. The share capital may be reduced either by decreasing the par value of the outstanding shares or by reducing the number of outstanding shares. The number of outstanding shares may be reduced by the repurchase and cancellation of shares. Holders of each class of shares must be treated equally unless each affected shareholder agrees otherwise.

Preferential Subscription Right. According to French law, if we issue additional securities for cash, current shareholders will have preferential subscription rights to these securities on a *pro rata* basis. Preferential subscription rights entitle the individual or entity that holds them to subscribe *pro rata* based on the number of shares held by them to the issuance of any securities increasing, or that may result in an increase of, our share capital by means of a cash payment or a set-off of cash debts. The preferential subscription rights are transferable during the subscription period relating to a particular offering. Pursuant to recent legislation that went into effect on October 1, 2016, the preferential subscription rights will be transferable during a period starting two days prior to the opening of the subscription period and ending two days prior to the closing of the subscription period.

The preferential subscription rights with respect to any particular offering may be waived at an extraordinary general shareholders' meeting by a two-thirds vote of our shareholders or individually by each shareholder. Our board of directors and our independent auditors are required by French law to present reports to the shareholders' meeting that specifically address any proposal to waive the preferential subscription rights.

Our current shareholders waived their preferential subscription rights with respect to the global offering at our combined general shareholders' meeting held on June 21, 2019.

In the future, to the extent permitted under French law, we may seek shareholder approval to waive preferential subscription rights at an extraordinary general shareholders' meeting in order to authorize the board of directors to issue additional shares and/or other securities convertible or exchangeable into shares.

Form, Holding and Transfer of Shares (Articles 13 and 15 of the Bylaws)

Form of Shares. The shares are in registered form, until their full payment. When they are fully paid up, they may be in registered form or bearer, at the option of the shareholders.

Further, in accordance with applicable laws, we may request at any time from the central depository responsible for holding our shares, the information referred to in Article L. 228-2 of the French Commercial Code. Thus, we are, in

particular and at any time, entitled to request the name and year of birth or, in the case of a legal entity, the name and the year of incorporation, nationality and address of holders of securities conferring immediate or long-term voting rights at its general meetings of shareholders and the amount of securities owned by each of them and, where applicable, the restrictions that the securities could be affected by.

Holding of Shares. In accordance with French law concerning the "dematerialization" of securities, the ownership rights of shareholders are represented by book entries instead of share certificates. Shares issued are registered in individual accounts opened by us or any authorized intermediary, in the name of each shareholder and kept according to the terms and conditions laid down by the legal and regulatory provisions.

Ownership of Shares by Non-French Persons. Neither French law nor our bylaws limit the right of non-residents of France or non-French persons to own or, where applicable, to vote our securities. However, non-residents of France may have to file an administrative notice with the French authorities in connection with certain direct or indirect investments in us, including through ownership of ADSs. In addition, acquisitions of 10% of the share capital or voting rights of a French resident company or a non-French resident company by a non-French resident or by a French resident, respectively, are subject to statistical reporting requirements to the French National Bank.

Assignment and Transfer of Shares. Shares are freely negotiable, subject to applicable legal and regulatory provisions. French law notably provides for standstill obligations and prohibition of insider trading.

Differences in Corporate Law

We are a société anonyme, or S.A., incorporated under the laws of France. The laws applicable to French sociétés anonymes differ from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain differences between the provisions of the French Commercial Code applicable to us and the Delaware General Corporation Law relating to shareholders' rights and protections. This summary is not intended to be a complete discussion of the respective rights and it is qualified in its entirety by reference to Delaware law and French law.

	FRANCE	**DELAWARE**
Number of Directors	Under French law, a *société anonyme* must have at least three and may have up to 18 directors. The number of directors is fixed by or in the manner provided in the bylaws. Since January 1, 2017, the number of directors of each gender may not be less than 40%. Any appointment made in violation of this limit that is not remedied will be null and void.	Under Delaware law, a corporation must have at least one director and the number of directors shall be fixed by or in the manner provided in the bylaws.
Director Qualifications	Under French law, a corporation may prescribe qualifications for directors under its bylaws. In addition, under French law, members of a board of directors of a corporation may be legal entities (with the exception of the chairman of the board) , and such legal entities may designate an individual to represent them and to act on their behalf at meetings of the board of directors as well as the deliberations taken by the board member irregularly appointed.	Under Delaware law, a corporation may prescribe qualifications for directors under its certificate of incorporation or bylaws.

	FRANCE	DELAWARE
Removal of Directors	Under French law, directors may be removed from office, with or without cause, at any shareholders' meeting without notice or justification, by a simple majority vote.	Under Delaware law, unless otherwise provided in the certificate of incorporation, directors may be removed from office, with or without cause, by a majority stockholder vote, though in the case of a corporation whose board is classified, stockholders may effect such removal only for cause.
Vacancies on the Board of Directors	Under French law, vacancies on the board of directors resulting from death or a resignation, provided that at least three directors remain in office, may be filled by a majority of the remaining directors pending ratification by the shareholders by the next shareholders' meeting.	Under Delaware law, vacancies on a corporation's board of directors, including those caused by an increase in the number of directors, may be filled by a majority of the remaining directors.
Annual General Meeting	Under French law, the annual general meeting of shareholders shall be held at such place, on such date and at such time as decided each year by the board of directors and notified to the shareholders in the convening notice of the annual meeting, within six months after the close of the relevant fiscal year unless such period is extended by court order.	Under Delaware law, the annual meeting of stockholders shall be held at such place, on such date and at such time as may be designated from time to time by the board of directors or as provided in the certificate of incorporation or by the bylaws.
General Meeting	Under French law, general meetings of the shareholders may be called by the board of directors or, failing that, by the statutory auditors, or by a court appointed agent (*mandataire ad hoc*) or liquidator in certain circumstances, or by the majority shareholder in capital or voting rights following a public tender offer or exchange offer or the transfer of a controlling block on the date decided by the board of directors or the relevant person	Under Delaware law, special meetings of the stockholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws.

	FRANCE	DELAWARE
Notice of General Meetings	A meeting announcement is published in the French Journal of Mandatory Statutory Notices (BALO) at least 35 days prior to a meeting and made available on the website of the company at least 21 day prior to the meeting. Subject to limited exceptions provided by French law, additional convening notice is sent out at least 15 days prior to the date of the meeting, by means of a notice inserted both in a legal announcement bulletin of the registered office department and in the French Journal of Mandatory Statutory Notices (BALO). Further, shareholders holding registered shares for at least a month at the time latest insertions of the notices shall be summoned individually, by regular letter (or by registered letter if they request it and include an advance of expenses) sent to their last known address. This notice to registered shareholders may also be transmitted by electronic means of telecommunication, in lieu of any such mailing, to any shareholder requesting it beforehand by registered letter with acknowledgment of receipt in accordance with legal and regulatory requirements, specifying his e-mail address. When the shareholders' meeting cannot deliberate due to lack of required quorum, the second meeting must be called at least ten calendar days in advance in the same manner as used for the first notice. The convening notice shall specify the name of the company, its legal form, share capital, registered office address, registration number with the French Registry of Commerce and Companies, the place, date, hour and agenda of the meeting and its nature (ordinary and/or extraordinary general shareholders' meeting). The convening notice must also indicate the conditions under which the shareholders may vote by correspondence and the places and conditions in which they can obtain voting forms by mail.	Under Delaware law, unless otherwise provided in the certificate of incorporation or bylaws, written notice of any meeting of the stockholders must be given to each stockholder entitled to vote at the meeting not less than 10 nor more than 60 days before the date of the meeting and shall specify the place, date, hour, and purpose or purposes of the meeting.

	FRANCE	DELAWARE
Proxy	Each shareholder has the right to attend the meetings and participate in the discussions (i) personally, or (ii) by granting proxy to his/her spouse, his/her partner with whom he/she has entered into a civil union or to another shareholder or to any individual or legal entity of his choosing; or (iii) by sending a proxy to the company without indication of the mandate (in this case, such proxy shall be cast in favor of the resolutions supported by the board of directors), or (iv) by voting by correspondence, or (v) by videoconference or another means of telecommunication in accordance with applicable laws that allow identification. The proxy is only valid for a single meeting or for successive meetings convened with the same agenda. It can also be granted for two meetings, one ordinary, and the other extraordinary, held on the same day or within a period of fifteen days.	Under Delaware law, at any meeting of stockholders, a stockholder may designate another person to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.
Shareholder Action by Written Consent	Under French law, shareholders' action by written consent is not permitted in a *société anonyme*.	Under Delaware law, a corporation's certificate of incorporation (1) may permit stockholders to act by written consent if such action is signed by all stockholders, (2) may permit stockholders to act by written consent signed by stockholders having the minimum number of votes that would be necessary to take such action at a meeting or (3) may prohibit actions by written consent.

	FRANCE	DELAWARE
Preemptive Rights	Under French law, in case of issuance of additional shares or other securities for cash or set-off against cash debts, the existing shareholders have preferential subscription rights to these securities on a pro rata basis unless such rights are waived by a two-thirds majority of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by the shareholders present, represented by proxy or voting by mail at the extraordinary general shareholders' meeting deciding or authorizing the capital increase, voting in person or represented by proxy or voting by mail. In case such rights have not been waived by the extraordinary general shareholders' meeting, each shareholder may individually either exercise, assign or not exercise its preferential subscription rights. Preferential subscription rights may only be assigned two business days prior to the day on which the subscription is opened until the second business day prior to its closing. Thus, the preferential subscription rights are transferable during a period equivalent to the subscription period relating to a particular offering (such period starting two business days prior to the opening of the subscription period and ending two business days prior to the closing of the subscription period). In accordance with French law, the period of exercise shall be no less than five trading days.	Under Delaware law, unless otherwise provided in a corporation's certificate of incorporation, a stockholder does not, by operation of law, possess preemptive rights to subscribe to additional issuances of the corporation's stock.
Sources of Dividends	Under French law, dividends may only be paid by a French *société anonyme* out of "*distributable profits*," plus any distributable reserves and "*distributable premium*" that the shareholders decide to make available for distribution, other than those reserves that are specifically required by law. "*Distributable profits*" consist of the unconsolidated net profits of the relevant corporation for each fiscal year, as increased or reduced by any profit or loss carried forward from prior years. "*Distributable premium*" refers to the contribution paid by the stockholders in addition to the par value of their shares for their subscription that the stockholders decide to make available for distribution. Except in case of a share capital reduction, no distribution can be made to the stockholders when the net equity is, or would become, lower than the amount of the share capital plus the reserves which cannot be distributed in accordance with the law or the bylaws.	Under Delaware law, dividends may be paid by a Delaware corporation either out of (1) surplus or (2) in case there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, except when the capital is diminished by depreciation in the value of its property, or by losses, or otherwise, to an amount less than the aggregate amount of capital represented by issued and outstanding stock having a preference on the distribution of assets.

	FRANCE	DELAWARE
Repurchase of Shares	Under French law, a corporation may acquire its own shares. Such acquisition may be challenged on the ground of market abuse regulations. However, MAR provides for safe harbor exemptions when the acquisition is made for the following purposes: • to decrease our share capital, provided that such a decision is not driven by losses and that a purchase offer is made to all shareholders on a pro rata basis, with the approval of the shareholders at an extraordinary general shareholders' meeting; in this case, the shares repurchased must be cancelled within one month from the expiry of the purchase offer; • to meet obligations arising from debt securities that are exchangeable into equity instruments; • to provide shares for distribution to employees or managers under a profit-sharing, free share or share option plan; in this case the shares repurchased must be distributed within 12 months from their repurchase failing which they must be cancelled; or • under a buy-back program to be authorized by the shareholders in strict compliance of market manipulation and insider dealing rules and in accordance with provisions of Article L. 225-209 of the French Commercial Code and in accordance with the general regulations of, and market practices accepted by the AMF. Under MAR and in accordance with the General Regulations of the French Financial Markets Authority, a corporation shall report to the competent authority of the trading venue on which the shares have been admitted to trading or are traded, no later than by the end of the seventh daily market session following the date of the execution of the transaction, all the transactions relating to the buy-back program, in a detailed form and in an aggregated form. No such repurchase of ordinary shares may result in the company holding, directly or through a person acting on its behalf, more than 10% of its issues share capital.	Under Delaware law, a corporation may generally redeem or repurchase shares of its stock unless the capital of the corporation is impaired or such redemption or repurchase would impair the capital of the corporation.
Liability of Directors and Officers	Under French law, the bylaws may not include any provisions limiting the liability of directors. Civil liability of the directors may be sought for (1) an infringement of laws and regulations applicable to the company, (2) breach of the bylaws and (3) management failure.	Under Delaware law, a corporation's certificate of incorporation may include a provision eliminating or limiting the personal liability of a director to the corporation and its stockholders for damages arising from a breach of fiduciary duty as a director. However, no provision can limit the liability of a director for: • any breach of the director's duty of loyalty to the corporation or its stockholders; • acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; • intentional or negligent payment of unlawful dividends or stock purchases or redemptions; or • any transaction from which the director derives an improper personal benefit.
Voting Rights	French law provides that, unless otherwise provided in the bylaws, each shareholder is entitled to one vote for each share of capital stock held by such shareholder. As from April 2016, double voting rights are automatically granted to the shares being registered since more than two years, unless the bylaws are modified in order to provide otherwise.	Delaware law provides that, unless otherwise provided in the certificate of incorporation, each stockholder is entitled to one vote for each share of capital stock held by such stockholder.

	FRANCE	DELAWARE
Shareholder Vote on Certain Transactions	Generally, under French law, completion of a merger, dissolution, sale, lease or exchange of all or substantially all of a corporation's assets requires: • the approval of the board of directors; and • approval by a two-thirds majority of the votes held (of the votes cast, as from our general shareholders' meeting convened to vote on the financial statements for the year ended December 31, 2019) by the shareholders present, represented by proxy or voting by mail at the relevant meeting or, in the case of a merger with a non-EU company, approval of all shareholders of the corporation (by exception, the extraordinary general shareholders' meeting of the acquiring company may delegate to the board authority to decide a merger-absorption or to determine the terms and conditions of the merger plan).	Generally, under Delaware law, unless the certificate of incorporation provides for the vote of a larger portion of the stock, completion of a merger, consolidation, sale, lease or exchange of all or substantially all of a corporation's assets or dissolution requires: • the approval of the board of directors; and • approval by the vote of the holders of a majority of the outstanding stock or, if the certificate of incorporation provides for more or less than one vote per share, a majority of the votes of the outstanding stock of a corporation entitled to vote on the matter.

	FRANCE	DELAWARE
Dissent or Dissenters' Appraisal Rights	French law does not provide for any such right but provides that a merger is subject to shareholders' approval by a two-thirds majority vote as stated above.	Under Delaware law, a holder of shares of any class or series has the right, in specified circumstances, to dissent from a merger or consolidation by demanding payment in cash for the stockholder's shares equal to the fair value of those shares, as determined by the Delaware Chancery Court in an action timely brought by the corporation or a dissenting stockholder. Delaware law grants these appraisal rights only in the case of mergers or consolidations and not in the case of a sale or transfer of assets or a purchase of assets for stock. Further, no appraisal rights are available for shares of any class or series that is listed on a national securities exchange or held of record by more than 2,000 stockholders, unless the agreement of merger or consolidation requires the holders to accept for their shares anything other than: • shares of stock of the surviving corporation; • shares of stock of another corporation that are either listed on a national securities exchange or held of record by more than 2,000 stockholders; • cash in lieu of fractional shares of the stock described in the two preceding bullet points; or • any combination of the above. In addition, appraisal rights are not available to holders of shares of the surviving corporation in specified mergers that do not require the vote of the stockholders of the surviving corporation.
Standard of Conduct for Directors	French law does not contain specific provisions setting forth the standard of conduct of a director. However, directors have a duty to act without self-interest, on a well-informed basis and they cannot make any decision against a corporation's corporate interest (*intérêt social*). In addition, directors shall take into account social and environmental issues arising out of the company's activity.	Delaware law does not contain specific provisions setting forth the standard of conduct of a director. The scope of the fiduciary duties of directors is generally determined by the courts of the State of Delaware. In general, directors have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interest of the stockholders.
Shareholder Suits	French law provides that a shareholder, or a group of shareholders, may initiate a legal action to seek indemnification from the directors of a corporation in the corporation's interest if it fails to bring such legal action itself. If so, any damages awarded by the court are paid to the corporation and any legal fees relating to such action may be borne by the relevant shareholder or the group of shareholders. The plaintiff must remain a shareholder through the duration of the legal action. There is no other case where shareholders may initiate a derivative action to enforce a right of a corporation. A shareholder may alternatively or cumulatively bring individual legal action against the directors, provided he has suffered distinct damages from those suffered by the corporation. In this case, any damages awarded by the court are paid to the relevant shareholder.	Under Delaware law, a stockholder may initiate a derivative action to enforce a right of a corporation if the corporation fails to enforce the right itself. The complaint must: • state that the plaintiff was a stockholder at the time of the transaction of which the plaintiff complains or that the plaintiff's shares thereafter devolved on the plaintiff by operation of law; and • allege with particularity the efforts made by the plaintiff to obtain the action the plaintiff desires from the directors and the reasons for the plaintiff's failure to obtain the action; or • state the reasons for not making the effort. Additionally, the plaintiff must remain a stockholder through the duration of the derivative suit. The action will not be dismissed or compromised without the approval of the Delaware Court of Chancery.

	FRANCE	DELAWARE
Amendment of Bylaws	Under French law, only the extraordinary general shareholders' meeting is authorized to adopt or amend the bylaws. However, the board of directors is authorized to (i) modify the bylaws as a result of a decision to move the company's registered office and (ii) to bring to the bylaws any modification rendered necessary by an amendment to an applicable law or regulation if the board of directors has been prior authorized by the extraordinary general shareholders' meeting for this purpose, and subject, in both cases, to ratification by the next extraordinary general shareholders' meeting.	Under Delaware law, the stockholders entitled to vote have the power to adopt, amend or repeal the bylaws of the corporation. A corporation may also confer, in its certificate of incorporation, that power upon the board of directors.

II. AMERICAN DEPOSITARY SHARES

The Bank of New York Mellon acts as the depositary for the American Depositary Shares, or ADSs. The Bank of New York Mellon's depositary offices are located at 240 Greenwich Street, New York, New York 10286. American Depositary Shares are frequently referred to as ADSs and represent ownership interests in securities that are on deposit with the depositary. ADSs may be evidenced by certificates that are commonly known as American Depositary Receipts, or ADRs. The depositary typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Société Générale.

We have appointed The Bank of New York Mellon as depositary pursuant to an amended and restated deposit agreement. A copy of the amended and restated deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the amended and restated deposit agreement from the SEC's website (www.sec.gov). Please refer to Registration Number 333-201279 when retrieving such copy.

You may hold ADSs either (1) directly (a) by having an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (b) by having uncertificated ADSs registered in your name in the Direct Registration System, or DRS, or (2) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in the Depository Trust Company, or DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

DRS is a system administered by DTC pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership is confirmed by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

As an ADS holder, you will not be treated as one of our shareholders and you will not have shareholder rights. French law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying your ADSs. As a holder of ADSs, you will have ADS holder rights. An amended and restated deposit agreement among us, the depositary and you, as an ADS holder, and all other persons directly and indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the amended and restated deposit agreement and the ADRs. In the event of any discrepancy between the ADRs and the amended and restated deposit agreement, the amended and restated deposit agreement governs.

The following is a summary of the material provisions of the amended and restated deposit agreement. For more complete information, you should read the entire amended and restated deposit agreement and the form of ADR. For directions on how to obtain copies of those documents, see the section of this Exhibit 2.3 titled "Where You Can Find More Information." Unless otherwise indicated or the context otherwise requires, references to "you" in this section refer to purchasers of ADSs in this offering.

Dividends and Other Distributions

How will you receive dividends and other distributions on the ordinary shares?

The depositary has agreed to pay or distribute to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent.

Cash. We do not expect to declare or pay any cash dividends or cash distributions on our ordinary shares for the foreseeable future. The depositary will convert any cash dividend or other cash distribution we pay on the ordinary shares or any net proceeds from the sale of any ordinary shares, rights, securities or other entitlements into U.S. dollars if it can do so on a reasonable basis, and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the amended and restated deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest. Before making a distribution, any withholding taxes or other governmental charges, together with fees and expenses of the depositary that must be paid, will be deducted. See the section of our most recent Annual Report on Form 20-F titled "Taxation." It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.*

Ordinary Shares. The depositary may distribute additional ADSs representing any ordinary shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell ordinary shares which would require it to deliver a fractional ADS, or ADSs representing those ordinary shares, and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new ordinary shares. The depositary may sell a portion of the distributed ordinary shares, or ADSs representing those shares, sufficient to pay its fees and expenses in connection with that distribution.

Rights to Purchase Additional Ordinary Shares. If we offer holders of our securities any rights to subscribe for additional ordinary shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse unexercised. *In that case, you will receive no value for them*.

The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary makes rights available to you, it will exercise the rights and purchase the ordinary shares on your behalf and in accordance with your instructions. The depositary will then deposit the ordinary shares and deliver ADSs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay and comply with other applicable instructions. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

Other Distributions. The depositary will send to you anything else we distribute on deposited securities by any means it determines is legal, fair and practical. If it cannot make the distribution in that way, the depositary may adopt another method. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. In addition, the depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

Neither we nor the depositary are responsible for any failure to determine that it may be lawful or feasible to make a distribution available to any ADS holders. We have no obligation to register ADSs, ordinary shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we*

make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits ordinary shares or evidence of rights to receive ordinary shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or share transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs at the depositary's office. Upon payment of its fees and expenses and of any taxes or governmental charges payable in connection with such surrender or withdrawal, the depositary will deliver the ordinary shares and any other deposited securities underlying the ADSs to you or a person designated by you at the office of the custodian or through a book-entry delivery. Alternatively, at your request, risk and expense, the depositary will, if feasible, deliver the amount of deposited securities represented by the surrendered ADSs for delivery at the depositary's office or to another address you may specify. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How can ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADRs to the depositary for the purpose of exchanging your ADRs for uncertificated ADSs. The depositary will cancel the ADRs and will send you a statement confirming that you are the owner of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to you an ADR evidencing those ADSs.

Voting Rights

How do you vote?

You may instruct the depositary to vote the number of whole deposited ordinary shares your ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of shareholders' meetings or other solicitations of consents and arrange to deliver our voting materials to you. Those materials will describe the matters to be voted on and explain how you may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary.

If the depositary timely receives voting instructions for you, it will endeavor, in so far as practicable, to vote or cause to be voted the amount of deposited ordinary shares represented by those ADSs in accordance with such voting instructions set forth in your request. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed or as described in the following sentence. If we timely asked the depositary to solicit your instructions but the depositary does not receive voting instructions from you by the specified date and we confirm to the depositary that (1) we wish to receive a proxy, (2) as of the instruction cutoff date we reasonably do not know of any substantial shareholder opposition to the particular question, and (3) the particular question would not be materially adverse to the interests of our shareholders, then the depositary will consider you to have authorized and directed it to give a proxy to a person designated by us to vote the number of deposited securities represented by your ADSs in favor of that question, but only if the question was endorsed by our board of directors.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your ordinary shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to*

exercise your right to vote and there may be nothing you can do if your ordinary shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we will give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date except where under French law the notice period for such meeting is less than 30 days.

Except as described above, you will not be able to exercise your right to vote unless you withdraw the ordinary shares. However, you may not know about the shareholder meeting enough in advance to withdraw the ordinary shares.

Fees and Expenses

What fees and expenses will you be responsible for paying?

Pursuant to the terms of the amended and restated deposit agreement, the holders of ADSs will be required to pay the following fees:

Persons depositing or withdrawing ordinary shares or ADSs must pay:	*For:*
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issue of ADSs, including issues resulting from a distribution of ordinary shares or rights • Cancellation of ADSs for the purpose of withdrawal, including if the amended and restated deposit agreement terminates
$0.05 (or less) per ADS	• Any cash distribution to you
A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the shares had been deposited for issue of ADSs	• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to you
$0.05 (or less) per ADS per calendar year	• Depositary services
Registration or transfer fees	• Transfer and registration of ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	• Cable (including SWIFT) and facsimile transmissions as expressly provided in the amended and restated deposit agreement • Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, share transfer taxes, stamp duty or withholding taxes	• As necessary
Any charges payable by the depositary, custodian or their agents in connection with the servicing of deposited securities	• As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary

collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide for-fee services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the amended and restated deposit agreement, the depositary may use brokers, dealers, foreign currency or other service providers that are affiliates of the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert foreign currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the amended and restated deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the amended and restated deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to holders of ADSs, subject to the depositary's obligations under the amended and restated deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs registered in your name to reflect the sale and pay you any net proceeds, or send you any property, remaining after it has paid the taxes. Your obligation to pay taxes and indemnify us and the depository against any tax claims will survive the transfer or surrender of your ADSs, the withdrawal of the deposited ordinary shares as well as the termination of the amended and restated deposit agreement.

Reclassifications, Recapitalizations and Mergers

If we:	***Then:***
• Change the nominal value of our ordinary shares	The cash, ordinary shares or other securities received by the depositary will become deposited securities.
• Reclassify, split up or consolidate any of the deposited securities	Each ADS will automatically represent its equal share of the new deposited securities.
• Distribute securities on the ordinary shares that are not distributed to you	The depositary may also deliver new ADSs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities. The depositary may also sell the new deposited securities and distribute the net proceeds if
If we:	***Then:***

	we are unable to assure the depositary that the distribution (a) does not require registration under the Securities Act or (b) is exempt from registration under the Securities Act.
• Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	Any replacement securities received by the depositary shall be treated as newly deposited securities and either the existing ADSs or, if necessary, replacement ADSs distributed by the depositary will represent the replacement securities. The depositary may also sell the replacement securities and distribute the net proceeds if the replacement securities may not be lawfully distributed to all ADS holders.

Amendment and Termination

How may the amended and restated deposit agreement be amended?

We may agree with the depositary to amend the amended and restated deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges, registration fees, facsimile costs, delivery costs or other such expenses, or that would otherwise prejudice a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the amended and restated deposit agreement as further amended.*

How may the amended and restated deposit agreement be terminated?

The depositary will terminate the amended and restated deposit agreement if we ask it to do so, in which case the depositary will give notice to you at least 90 days prior to termination. The depositary may also terminate the amended and restated deposit agreement if the depositary has told us that it would like to resign and we have not appointed a new depositary within 60 days. In such case, the depositary must notify you at least 90 days before termination. In addition, the depositary may initiate termination of the amended and restated deposit agreement if (i) we delist our shares from an exchange on which they were listed and do not list the shares on another exchange; (ii) we appear to be insolvent or enter insolvency proceedings; (iii) all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities; (iv) there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or (v) there has been a replacement of deposited securities.

After termination, the depositary and its agents will do the following under the amended and restated deposit agreement but nothing else: collect dividends and other distributions on the deposited securities, sell rights and other property, and deliver ordinary shares and other deposited securities upon cancellation of ADSs. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the amended and restated deposit agreement, unsegregated and without liability for interest, for the *pro rata* benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold.

The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADS holder (until they surrender their ADSs) or give any notices or perform any other duties under the amended and restated deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability

The amended and restated deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary to ADS holders. We and the depositary:

- are only obligated to take the actions specifically set forth in the amended and restated deposit agreement without negligence or bad faith;
- are not liable if either of us is prevented or delayed by law or circumstances beyond our control from performing our obligations under the amended and restated deposit agreement;
- are not liable if either of us exercises, or fails to exercise, discretion permitted under the amended and restated deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the amended and restated deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the amended and restated deposit agreement;
- are not liable for any tax consequences to any holders of ADSs on account of their ownership of ADSs;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the amended and restated deposit agreement on your behalf or on behalf of any other person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- may rely upon any documents we believe in good faith to be genuine and to have been signed or presented by the proper person.

In the amended and restated deposit agreement, we and the depositary agree to indemnify each other under certain circumstances. Additionally, we, the depositary and each owner and holder waives the right to a jury trial in an action against us or the depositary arising out of or relating to the amended and restated deposit agreement.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of ordinary shares, the depositary may require:

- payment of any tax or other governmental charges and any stock transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the amended and restated deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs generally when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Ordinary Shares Underlying Your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (1) the depositary has closed its transfer books or we have closed our transfer books; (2) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting; or (3) we are paying a dividend on our ordinary shares;
- when you owe money to pay fees, taxes and similar charges; and
- when it is necessary to prohibit withdrawals in order to comply with any U.S. or foreign laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

This right of withdrawal is not limited by any other provision of the amended and restated deposit agreement.

Pre-release of ADSs

The amended and restated deposit agreement permits the depositary to deliver ADSs before deposit of the underlying ordinary shares. This is called a pre-release of the ADSs. The depositary may also deliver ordinary shares upon surrender of pre-released ADSs (even if the ADSs are surrendered before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying ordinary shares are delivered to the depositary. The depositary may receive ADSs instead of ordinary shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the ordinary shares or ADSs to be deposited; (2) the pre-release is at all times fully collateralized with cash or other collateral that the depositary considers appropriate; (3) the depositary must be able to close out the pre-release on not more than five business days' notice; and (4) subject to all indemnities and credit regulations that the depositary deems appropriate. The number of ADSs outstanding at any time as a result of pre-release will not normally exceed 30% of all ADSs outstanding, although the depositary may change or disregard this limit from time to time, if it thinks it is appropriate to do so.

Direct Registration System

In the amended and restated deposit agreement, all parties to the amended and restated deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC under which the depositary may register the ownership of uncertificated ADSs and such ownership will be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the amended and restated deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the amended and restated deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile System and in accordance with the amended and restated deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of ADSs; ADS Holder Information

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Each holder of ADSs will be required to provide certain information, including proof of taxpayer status, residence and beneficial ownership (as applicable), from time to time and in a timely manner as we, the depositary or the custodian may deem necessary or proper to fulfill obligations under applicable law.

Jury Trial Waiver

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depositary opposed a jury trial

demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not be agreeing to the terms of the deposit agreement, be deemed to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

III. LIMITATIONS AFFECTING SHAREHOLDERS OF A FRENCH COMPANY

Ownership of ADSs or Shares by Non-French Residents

Neither the French Commercial Code nor our bylaws presently impose any restrictions on the right of non-French residents or non-French shareholders to own and vote shares. However, non-French residents must file a declaration for statistical purposes with the Bank of France (*Banque de France*) within twenty working days following the date of certain direct foreign investments in us, including any purchase of our ADSs. In particular such filings are required in connection with investments exceeding €15,000,000 that lead to the acquisition of at least 10% of the share capital or voting rights or cross such 10% threshold. Violation of this filing requirement may be sanctioned by five years' imprisonment and a fine up to twice the amount of the relevant investment. This amount may be increased fivefold if the violation is made by a legal entity. Moreover, certain foreign investments in companies incorporated under French laws are subject to the prior authorization from the French Minister of the Economy, where all or part of the target's business and activity relate to a strategic sector, such as energy, transportation, public health, telecommunications, *etc.*, pursuant to Law n°2019-486 (and as from April 1st, 2020 pursuant to the decree n°2019-1590.

Foreign Exchange Controls

Under current French foreign exchange control regulations there are no limitations on the amount of cash payments that we may remit to residents of foreign countries. Laws and regulations concerning foreign exchange controls do, however, require that all payments or transfers of funds made by a French resident to a non-resident such as dividend payments be handled by an accredited intermediary. All registered banks and substantially all credit institutions in France are accredited intermediaries.

Availability of Preferential Subscription Rights

Our shareholders will have the preferential subscription rights described under "Description of Share Capital—Key Provisions of Our Bylaws and French Law Affecting Our Ordinary Shares—Changes in Share Capital—Preferential Subscription Right." Under French law, shareholders have preferential rights to subscribe for cash issues of new shares or other securities giving rights to acquire additional shares on a pro rata basis. Holders of our securities in the United States (which may be represented by ADSs) will not be able to exercise preferential subscription rights for their securities unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements imposed by the Securities Act is available. We may, from time to time, issue new shares or other securities giving rights to acquire additional shares (such as warrants) at a time when no registration statement is in effect and no Securities Act exemption is available. If so, holders of our securities in the United States will be unable to exercise any preferential subscription rights and their interests will be diluted. We are under no obligation to file any registration statement in connection with any issuance of new shares or other securities. We intend to evaluate at the time of any rights offering the costs and potential liabilities associated with registering the rights, as well as the indirect benefits to us of enabling the exercise by holders of shares in the United States and ADS holders of the subscription rights, and any other factors we consider appropriate at the time, and then to make a decision as to whether to register the rights. We cannot assure you that we will file a registration statement.

For holders of our ordinary shares represented by ADSs, the depositary may make these rights or other distributions available to ADS holders. If the depositary does not make the rights available to ADS holders and determines that it is impractical to sell the rights, it may allow these rights to lapse. In that case, ADS holders will receive no value for them. The section of this Exhibit 2.3 titled "Description of American Depositary Shares—Dividends and Other Distributions" explains in detail the depositary's responsibility in connection with a rights offering. See also "*Risk Factors—The right as a holder of ADSs to participate in any future preferential subscription rights or to elect to receive dividends in shares may be limited, which may cause dilution to the holders of our ADSs*" included in the Annual Report on Form 20-F to which this description is also an exhibit.

Plan Option 2019

ERYTECH PHARMA SA

2019 STOCK OPTION PLAN

In accordance with the authorization granted by the extraordinary general shareholders' meeting of June 21, 2019, the Board of Directors decided on July 31, 2019, in compliance with the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code, to adopt the 2019 stock option plan of ERYTECH PHARMA SA, the terms and conditions of which are set out below.

1. PURPOSES OF THE PLAN

The purposes of the Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility;
- to provide additional incentive to Beneficiaries; and
- to promote the success of the Company's business.

Options granted under the Plan to U.S. Beneficiaries are intended to be Incentive Stock Options and shall comply in all respects with Applicable Laws in order to benefit from available tax advantages.

Options granted under the Plan to UK Beneficiaries are intended to be Non-Statutory Stock Options governed by the provisions of Schedule 1 of the Plan as to comply in all respect with Applicable Laws in order to benefit from available tax advantages. In the case of any inconsistency between the provisions of the Plan and the provisions of Schedule 1 the provisions of Schedule 1 of the Plan shall prevail.

2. DEFINITIONS

"**Administrator**"	means the Board of Directors which shall administer the Plan in accordance with Section 4 of the Plan.
"**Affiliated Company**"	means a company which conforms to the criteria set forth in Article L. 225-180 of the Law as follows: -companies of which at least ten per cent (10%) of the share capital or voting rights is held directly or indirectly by Company; -companies which own directly or indirectly at least ten per cent (10%) of the share capital or voting rights of Company; and -companies of which at least fifty per cent (50%) of the share capital or voting rights is held directly or indirectly b company which owns directly or indirectly at least fifty percent (50%) of the share capital or voting rights of Company

"**Applicable Laws**"	means for the legal requirements relating to the administration of stock option plans under U.S. state corporate la U.S. federal and state securities laws and the Code and the applicable laws of any foreign country or jurisdiction where Opti are, or will be, granted under the Plan
"**Beneficiary**"	means the chairman, general manager (*directeur général)* and the deputy general managers (*directeurs génér délégués)* of the Company subject to the employees' tax regime, as well as any individual employed by the Comp or by any Affiliated Company. For the avoidance of doubt, it is specified that holding a position as a director of Company of as a director of an Affiliated Company (whether remunerated or not) shall not be deemed to constitute employment relationship
"**Board of Directors**"	means the board of directors of the Company
"**Code**"	means the United States Internal Revenue Code of 1986, as amended
"**Company**"	means ERYTECH PHARMA SA, a corporation organized under the laws of the Republic of France

"**Continuous Status as a Beneficiary**"	means as regards the general manager or the deputy general manager subject to the employee's tax regime, that term of their office has not been terminated and, as regards an employee, that the employment relationship betwe the Beneficiary and the Company or any Affiliated Company has not been terminated. For purposes of the Plan, Optionee shall be deemed to cease Continuous Status as a Beneficiary immediately upon the occurrence of eithe the following events: (i)the Optionee no longer performs services as an employee for the Company or any Affiliated Company, or (ii)the entity for which the Optionee is performing such services ceases to remain an Affiliated Company, even tho the Optionee may subsequently continue to perform services for that entity. (iii)Continuous Status as a Beneficiary shall not be deemed to cease during a period of military leave, sick leave other personal leave approved by the Company; provided, however, that for a leave which exceeds th (3) months, Continuous Status as a Beneficiary shall be deemed, for purposes of determining the pe within which any outstanding option held by the Optionee in question may be exercised as an Incen Stock Option, to cease on the first day immediately following the expiration of such three (3) month per unless that Optionee is provided with the right to return to employment following such leave either by stat or by written contract. (iv)Except to the extent otherwise required by law or expressly authorized by the Administrator or by the Compar written policy on leaves of absence, no employment credit shall be given for vesting purposes for any period the Optionee is on a leave of absen
"**Date of Dismissal**"	means the date the employee received its dismissal letter
"**Date of Grant**"	means the date of the decision of the Board of Directors to grant the Options
"**Disability**"	means a disability corresponding to the second or the third categories of Article L. 341-4 of the French Social Secu Code or pursuant to any similar provision applicable to a foreign Affiliated Company or, if the Optionee is a U Beneficiary, the inability of the Optionee to engage in any substantial gainful activity by reason of any medic determinable physical or mental impairment and shall be determined by the Administrator on the basis of s medical evidence as the Administrator deems warranted under the circumstances
"**Employee**"	means an individual who is in the employ of the Company (or any Parent or Subsidiary), subject to the control a direction of the employer entity as to both the work to be performed and the manner and method of performance
"**Exchange Act**"	means the United States Securities Exchange Act of 1934, as amended

"**Fair Market Value**"	means the value for one Share as determined in good faith by the Administrator, according to the terms of Shareholders Authorization and the following provisions: 1)the Board of Directors may determine the Fair Market Value of a Share by reference to the closing sales price one share on the regulated market on which the Company is listed for the day prior to the day of the decision the Board of Directors to grant the options. 2)however, the Fair Market Value of a Share shall in no case be less than nighty-five per cent (95%) of the average the closing sales price for a share as quoted on said stock exchange market during the twenty market trad days prior to the day of the Board of Directors' decision to grant the options, 3)it being specified that, when an Option entitles the holder to purchase shares previously repurchased by Company, the exercise price, notwithstanding the above provisions and in accordance with applicable law, r not be less than 95% of the average purchase price paid by the Company for all shares so previou repurchased. This price settled for the subscription or purchase of share shall not be modified during the period in which the op may be exercised. However, if the Company makes one of the operations mentioned in article L. 225-181 of Fre Commercial Code, it must take all necessary measures to protect the Optionee's interests in the conditions provi for by article L. 228-99 of the French Commercial Code. In case of issuance of securities granting the stock access, as well as in case of the Company's merger or scission, the Board of Directors r decide, for a limited period of time, to suspend the exercisability of the Options
"**Incentive Stock Option**"	means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code a the regulations promulgated thereunder
"**Law**"	means French Commercial Code
"**Non-Statutory Stock Option**"	means, for this Agreement, an Option that is not an Incentive Stock Option
"**Notice of Grant**"	means a written notice evidencing the main terms and conditions of an individual Option grant. The Notice of Gran part of the Option Agreement
"**Option**"	means an option to purchase or subscribe Shares granted pursuant to the Plan
"**Optionee**"	means a Beneficiary who holds at least one outstanding Option
"**Option Agreement**"	means a written agreement entered into between the Company and an Optionee evidencing the terms and conditi of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan
"**Option Exchange Program**"	means a program pursuant to which the Administrator may effect, at any time and from time to time, with the cons of the affected option holders, the cancellation of any or all outstanding options under the Plan and to gran substitution therefor new options covering the same or different number of shares of common stock but with exercise price per share based on the Fair Market Value per share of common stock on the new option grant date
"**Parent**"	means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code
"**Plan**"	means the 2019 Stock Option Plan as authorized by the Board of Directors on July 31, 2019
"**Retirement**"	means, pursuant to article L. 1237-5 of the French labor code, the retirement, upon the employer's decision, at rate of an employee who has reached the age giving right to retirement, or any similar provision applicable t foreign Affiliated Company
"**Share**"	means a share of the Company
"**Share Capital**"	means the issued and paid up capital of the Company
"**Shareholders Authorization**"	means the authorization given by the shareholders of the Company in the ordinary and extraordinary general meet held on June 21, 2019 as increased or amended from time to time by a further general meeting of the sharehold permitting the Board of Directors to grant Stock Options

"**Subsidiary**"	means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code
"U.K. Beneficiary"	means a Beneficiary of the Company or an Affiliated Company resident in the United Kingdom for tax purposes otherwise subject to United Kingdom taxation
"**U.S. Beneficiary**"	means a Beneficiary of the Company or an Affiliated Company residing in the United States or otherwise subjec United States laws and regulations
"**10% Shareholder**"	means the owner of stock (as determined under Code Section 424(d)) possessing more than ten percent (10% the total combined voting power of all classes of stock of the Company (or any Parent or Subsidiary)

3. SHARES SUBJECT TO THE PLAN

Subject to the provisions of Section 11 of the Plan and pursuant to the Shareholder Authorization, the maximum aggregate number of Shares which may be optioned and issued under the Plan is equal to 700,000 with a nominal value of 70,000.00 Euro, adjusted to take into account any operation of split or grouping of shares, being provided that the total number of Shares that can be issued by the Company under this Plan and the share warrants and free shares plans adopted by the Board of Director on July 31, 2019 shall not exceed 900,000.

Should the Option expire or become unexercisable for any reason without having been exercised in full, the unsubscribed Shares which were subject thereto shall, unless the Plan shall have been terminated, become available for future grant under the Plan.

4. ADMINISTRATION OF THE PLAN

4.1 Procedure

The Plan shall be administered by the Administrator.

4.2 Powers of the Administrator

Subject to the provisions of the Law, the Shareholders Authorization, the Plan, and the Applicable Laws, the Administrator shall have the authority, in its discretion:

1) to determine the Fair Market Value of the Shares, in accordance with Section 1 of the Plan;

2) to determine the Beneficiaries to whom Options may be granted hereunder;

3) to select the Beneficiaries and determine whether and to what extent Options are granted hereunder;

4) to approve or amend forms of agreement for use under the Plan;

5) to determine the terms and conditions of any Options granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or the

Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine; it being specified that the Administrator's discretion remains subject to the rules and limitations set forth in this Plan and in the Law;

6) to construe and interpret the terms of the Plan and Options granted pursuant to the Plan;

7) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

8) to modify or amend each Option (subject to the provisions of Section 13.3 of the Plan), including the discretionary authority to extend the post-termination exercise period of Options after the termination of employment or the end of the term of office, longer than is otherwise provided for in the Plan or the award agreement;

9) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option previously granted by the Administrator;

10) to implement an Option Exchange Program;

11) to determine the terms and restrictions applicable to Options; and

12) to make all other determinations deemed necessary or appropriate for administering the Plan.

4.3 **Effect of Administrator's Decision**

The Administrator's decisions, determinations and interpretations shall be final and binding on all Optionees.

5. **LIMITATIONS**

5.1 In the case of U.S. Beneficiaries, each Option shall be designated in the Notice of Grant as an *"Incentive Stock Option"* and may only be granted to employees.

The aggregate Fair Market Value of the Shares (determined as of the respective date or dates of grant) for which one or more options granted under the Plan or any other stock option program of the Company (or any Parent or Subsidiary of the Company) may for the first time become exercisable as Incentive Stock Option in any one calendar year shall not exceed U.S. $100,000. To the extent the Employee holds two (2) or more such options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted, except to the extent otherwise provided under applicable law or regulation.

5.2 The Options are governed by Articles L. 225-177 *et seq.* of the Law. They are not part of the employment agreement or of the office which has allowed the Optionee to be granted the Option. Neither does it constitute an element of the Optionee's compensation.

Neither the Plan nor any Option shall confer upon an Optionee any right with respect to continuing the Optionee's employment or his term of office with the Company or any Affiliated Company, nor shall they interfere in any way with the Optionee's right or the

Company's or Affiliated Company's right, as the case may be, to terminate such employment or such term of office at any time, with or without cause.

6. TERM OF PLAN

Subject to the approval of the shareholders of the Company in accordance with Section 16 of the Plan, the Plan shall be effective and Options may be granted as of July 31 , 2019, the date of the Plan's adoption by the Board of Directors. It shall continue in effect until the date of termination of the last Option in force, unless terminated earlier under Section 13 of the Plan.

7. TERM OF OPTION

The term of each Option shall be stated in the Notice of Grant but shall not be in excess of ten (10) years from the Date of Grant in accordance with the Shareholders Authorization. If any Employee to whom an Incentive Stock Option is granted is a 10% Shareholder, then the option term shall not exceed five (5) years measured from the Date of Grant.

8. OPTIONS EXERCISE PRICE AND CONSIDERATION

8.1 Subscription or purchase Price

The per Share subscription or purchase price for the Shares to be issued or sold pursuant to exercise of an Option shall be 100% of the Fair Market Value per Share on the Date of Grant, and 110% for any options granted to shareholders owning 10% or more interest in the corporation.

8.2 Waiting Period and Exercise Dates

At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised. In so doing, the Administrator may specify that an Option may not be exercised until the completion of a service period with the Company or an Affiliated Company, and in any event, an Incentive Stock Option may not be exercised within two years of its grant and a Non-Statutory Stock Option granted to UK Beneficiaries may not be exercised within three years of its grant.

8.3 Vesting Schedule

Generally, and subject to the value limitation in Section 5.1 above and in Schedule 1, the Options may be exercised by their holder on the basis of the following initial vesting schedule, except for Non-Statutory Stock Option granted to UK Beneficiaries for which the earliest date of exercise of the Option may not be earlier than the third anniversary of the date of grant as set forth in Schedule 1:

- 2/3 % of the Shares subject to the Option shall vest on the second anniversary of the Vesting Commencement Date, provided that the holder is still employed by the Company, and
- 1/3 % of the Shares subject to the Option shall vest on the third anniversary of the Vesting Commencement Date, provided that the holder is still employed by the Company.

8.4 Form of Consideration

The consideration to be paid for the Shares to be issued or purchased upon exercise of Options, including the method of payment, shall be determined by the Administrator. Such consideration shall consist entirely of an amount in Euro corresponding to the subscription or purchase price which may be paid in one or more of the following forms as determined by the Administrator and specified in the Option Agreement:

(a) wire transfer; or

(b) check; or

(c) offset with receivables over the Company, or

(d) any combination of the foregoing methods of payment.

Where the exercise of an Option would lead the Company to be liable for any payment, whether due to fees, taxes or to charges of any nature whatsoever, in place of the Optionee, such Option shall be deemed duly exercised when the full payment for the Shares with respect to which the Option is exercised is executed by the Optionee and the Optionee provides the Company with either the receipt stating the payment by the Optionee of any such fee, tax or charge, as above described that would otherwise be paid by the Company upon exercise of the Option, in place of the Optionee or, the full payment, under the same conditions, of any amount due to the exercise of the Option to be borne by the Company.

9. EXERCISE OF OPTION

9.1 Procedure for Exercise; Rights as a Shareholder

Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written notice of exercise (in accordance with the provisions of the Option Agreement) together with a share subscription or purchase form (*bulletin de souscription ou d'achat*) duly executed by the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued or sold upon exercise of an Option shall be sold to or issued in the name of the Optionee, or if requested, in the name of the Optionee and his or her spouse.

Where the exercise of an Option would lead the Company to be liable for any payment, whether due to fees, taxes or to charges of any nature whatsoever, in place of the Optionee, such Option shall be deemed duly exercised when the full payment for the Shares with respect to which the Option is exercised is executed by the Optionee and the Optionee provides the Company with either the receipt stating the payment by the Optionee of any such fee, tax or charge, as above described that would otherwise be paid by the Company upon exercise of the Option, in place of the Optionee or, the full payment, under the same conditions, of any amount due to the exercise of the Option to be borne by the Company.

Upon exercise of an Option, the Shares issued or sold to the Optionee shall be assimilated with all other Shares of the Company and shall be entitled to dividends paid on such shares as from the exercise of the Option.

In the event that a Beneficiary infringes one of the above-mentioned commitments, such Beneficiary shall be liable for any consequences resulting from such infringement for the Company and undertakes to indemnify the Company in respect of all amounts payable by the Company in connection with such infringement.

Granting of an Option in any manner shall result in a decrease in the number of Shares which thereafter may be available for purposes of the Plan, by the number of Shares subject to the Option.

9.2 Termination of the Optionee's Continuous Status as Beneficiary

The following provisions shall govern the exercise of any Options held by the Optionee at the time of cessation of Continuous Status as a Beneficiary or death:

1) Upon termination of an Optionee's Continuous Status as a Beneficiary, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option, but only within such period of time as is specified in the Notice of Grant, and only for the vested part of the Options (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). Unless a longer period is specified in the Notice of Grant, the Option shall remain exercisable for one (1) month following the Optionee's termination of Continuous Status as a Beneficiary.

2) In the event that an Optionee's Continuous Status as a Beneficiary terminates as a result of the Optionee's Disability, the Optionee may exercise his or her Option at any time within six (6) months from the date of such termination and only for the vested part of the Options, (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant).

3) In the event of the death of an Optionee during the term of the Option, the Option may be exercised at any time within six (6) months following the date of death, and twelve (12) months in the case of UK Beneficiaries, and only for the part of the Options vested at the time of death, by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance,

4) During the applicable post-termination exercise period, the Option may not be exercised in the aggregate for more than the number of Shares for which the Option is exercisable on the date of the Optionee's cessation of Continuous Status as a Beneficiary. The Option shall not become exercisable for any additional Shares under the Option following the Optionee's cessation of Continuous Status as a Beneficiary, except to the extent (if any) specifically authorized by the Administrator in its sole discretion pursuant to an express written agreement with the Optionee. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the Option shall terminate and cease to be outstanding.

5) Any Option which is left unexercised by reason of termination of the Beneficiary's Continuous Status, death or disability shall revert to the Plan.

10. NON-TRANSFERABILITY OF OPTIONS

(e) An Option may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

(f) Prior to the date the Company first becomes subject to the reporting requirements of Section 13 or 15(d) of the 1934 Act, outstanding Options under the Plan, together with the Shares subject to those Options during the period prior to exercise, shall not be the subject of any short position, put equivalent position (as such term is defined in Rule 16a-1(h) under the 1934 Act) or call equivalent position (as such term is defined Rule 16a-1(b) of the 1934 Act).

11. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION, DISSOLUTION, MERGER OR ASSET SALE

11.1 Changes in capitalization

In the event of the carrying out by the Company of any of the financial operations pursuant to Article L.225-181 of the Law as follows:

- amortization or reduction of the share capital,
- amendment of the allocation of profits,
- distribution of free shares,
- capitalization of reserves, profits, issuance premiums,
- the issuance of shares or securities giving right to shares to be subscribed for in cash or by set-off of existing indebtedness offered exclusively to the shareholders;

the Company shall take the required measures to protect the interest of the Beneficiaries in the conditions set forth in article L. 228-99 of the Law and in accordance with Applicable Laws.

11.2 Dissolution or Liquidation

In the event of the proposed dissolution or liquidation of the Company, to the extent that an Option has not been previously exercised, it will terminate immediately prior to the consummation of such proposed action. The Administrator may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date determined by the Administrator and give each Optionee the right to exercise his or her Option as to Shares for which the Option would not otherwise be exercisable.

11.3 Merger or Asset or Shares Sale

In the event of the signing of a merger agreement by way of the absorption of the Company by another company, or in the event of a Bid likely to result in a Change of Control or a Bid submitted following to a Change of Control (hereinafter, in each case, an "**Operation**"), each outstanding Option shall be assumed or an equivalent option or right shall be substituted by the successor corporation or an affiliated company of the successor corporation.

In the event that the successor corporation, or an affiliated company of the successor corporation, refuses to assume or substitute for the Option, the Option shall vest and

become exercisable in full immediately prior to the effective date of the Operation, should the Administrator decide so.

Immediately after the effective date of the Operation, all outstanding Options shall terminate and cease to be outstanding except to the extent assumed by the successor corporation or an affiliated company of the successor corporation.

For the purposes of this paragraph, the Option shall be considered assumed if, following the Operation, the Option confers the right to purchase, for each Share subject to the Option immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the Operation by holders of stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Operation was not solely common stock of the successor corporation, or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option for each Share subject to the Option, to be solely common stock of the successor corporation or its Parent equal in Fair Market Value to the per share consideration received by holders of Shares in the Operation.

"**Change of Control**" refers to the event to which one or several persons acting in concert hold more than 50% of the Company's voting rights or share capital.

"**Bid**" refers to any bid (purchase, exchange, mixed, etc.) dealing with all the shares of the Company (i) subject to a conformity decision by the *Autorité des Marchés Financiers*, (ii) recommended or endorsed by the Board of Directors of the Company and, (iii) if it is subject to the normal legal procedure, having had a favorable outcome.

12. GRANT

12.1 The Date of Grant of an Option shall be, for all purposes, the date on which the Administrator decides to grant such Option. Notice of Grant shall be provided to each Optionee within a reasonable time after the Date of Grant.

12.2 Except as provided by Law, in the event of any tax liability arising on account of the Grant of the Options, the liability to pay such taxes shall be that of the Beneficiary alone. The Company's obligation to deliver Shares upon the exercise of any Options granted under the Plan shall be subject to the satisfaction of all applicable income, employment and other tax withholding requirements.

The Beneficiary shall enter into such agreements of indemnity and execute any and all documents as the Company may specify for this purpose, if so required at the time of the Grant and at any other time at the discretion of the Company, on such terms and conditions as the Company may think fit, for recovery of the tax due, from the Beneficiary.

13. AMENDMENT AND TERMINATION OF THE PLAN

13.1 Amendment and Termination

The Administrator may at any time amend, alter, suspend or terminate the Plan.

13.2 Shareholders' approval

The Company shall obtain the shareholders' approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws (including the

requirements of any exchange or quotation system on which Shares may then be listed or quoted). Such shareholders' approval, if required, shall be obtained in such a manner and to such a degree as is required by the applicable law, rule or regulation.

13.3 Effect of amendment or termination

No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

14. CONDITIONS UPON ISSUANCE OF SHARES

14.1 Legal Compliance

The implementation of the Plan, the granting of Options under the Plan and the issuance of Shares pursuant to the exercise of an Option shall be subject to compliance with all relevant provisions of law including, without limitation, the Law, the United States Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, Applicable Laws and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted.

14.2 Investment Representations

As a condition to the exercise of an Option by a Beneficiary, the Company may require representations from any person exercising Options if, in the opinion of counsel for the Company, such representations are required.

15. LIABILITY OF COMPANY

15.1 The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by any counsel to the Company to be necessary to the lawful issuance or sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15.2 In addition, the Company and its Affiliated Companies may not be held responsible in any way if the Beneficiary for any other reason not attributable to the Company or its Affiliated Companies was not able to exercise the Options or acquire the Shares.

16. SHAREHOLDERS' APPROVAL

The Plan shall be subject to further approval by the shareholders of the Company within twelve (12) months of the date the Plan is adopted by the Board of Directors. Such shareholder approval shall be obtained in the manner and to the degree required under the Law and Applicable Laws.

17. LAW, JURISDICTION AND LANGUAGE

This Plan shall be governed by and construed in accordance with the laws of France. The relevant court of the registered office of the Company shall be exclusively competent to determine any claim or dispute arising in connection herewith.

The grant of Options under this Plan shall entitle the Company to require the Beneficiary to comply with such requirements of law as may be necessary in the Options of the Company from time to time.

ERYTECH PHARMA

STOCK OPTION GRANT AGREEMENT

PART I

NOTICE OF STOCK OPTION GRANT

[*Optionee's Name and Address*]

You have been granted Options to subscribe Shares of the Company, subject to the terms and conditions of the 2019 Stock Option Plan (the "**Plan**") and this Option Agreement. Options are governed by Articles L. 225-177 and following of the French Commercial Code. They are not part of the employment agreement or of the office which has allowed the Optionee to be granted the Options. Neither does it constitute an element of the Optionee's compensation. Unless otherwise defined herein, capitalized terms in this Option Agreement shall have the meaning assigned to them in the Plan.

Grant Number(1) : _____
Date of Grant(2) : _____
Vesting Commencement Date(3) : _____
Exercise Price per Share: EUR
Total Number of Shares Granted: _____
Total Exercise Price: EUR _____
Type of Options(4) : [Incentive Stock Option]
Term/Expiration Date(5) : _____

Where the exercise of an Option, as described under Article 9.1 of the Plan, would lead the Company to be liable for any payment, whether due to fees, taxes or to charges of any nature whatsoever, in place of the Optionee, such Option shall be deemed duly exercised when the full payment for the Shares with respect to which the Option is exercised is executed by the Optionee and the Optionee provides the Company with either the receipt stating the payment by the Optionee of any such fee, tax or charge, as above described that would otherwise be paid by the Company upon exercise of the Option, in place of the Optionee or, the full payment, under the same conditions, of any amount due to the exercise of the Option to be borne by the Company.

In the event that you infringe one of the above-mentioned commitments, you shall be liable for any consequences resulting from such infringement for the Company and undertake to indemnify the Company in respect of all amounts payable by the Company in connection with such infringement.

1. Validity of the Options

The Options will be valid as from the Date of Grant.

2. Vesting Schedule

The Options may be exercised by their holder, subject to the value limitation provided in Section 5.1 of the Plan, on the basis of the following initial vesting schedule:

(1) reference number to be allocated by the Company, if it wishes so
(2) date of the management board meeting having allocated the Option
(3) date chosen by the management board as the date of beginning of the vesting schedule or, if not, date of granting of the Option by the management board
(4) for U.S. Beneficiaries only
(5) date of termination of the Option (article 7 of the Plan)

- 2/3 % of the Shares subject to the Option shall vest on the second anniversary of the Vesting Commencement Date, provided the holder is still employed by the Company and

- 1/3 % of the Shares subject to the Option shall vest on the third anniversary of the Vesting Commencement Date, provided the holder is still employed by the Company.

For purposes of this Agreement, “Vesting Commencement Date” shall mean the date of grant of the Option.

Except as may be specifically stated herein, the holder must be employed on a vesting date for vesting to occur. There shall be no proportionate or partial vesting in the period prior to each vesting date and all vesting shall occur only on the appropriate vesting date.

The right of exercise shall be cumulative so that to the extent the Option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the final exercise date or the termination of this Option under the Plan.

It is specified that the number of Shares which may be subscribed pursuant to the exercise of Options pursuant to the above vesting schedule will always be rounded down to the nearest full number of Shares.

If the Beneficiary fails to exercise the Options in whole or in part within the said period of ten (10) years, the Options will lapse automatically.

3. Operation

As an exception to the above,

- in the event of the signing of a merger agreement by way of the absorption of the Company by another company, or in the event of a Bid likely to result in a Change of Control or a Bid submitted following to a Change of Control (an "**Operation**"), then vesting of the Options will be accelerated in part immediately prior to the effective date of the Operation so that 100% of the Options that are not vested as of such date pursuant to this Option Agreement shall become exercisable as of such date and may be exercised for the Shares subject to those accelerated Options as vested shares.

- If the Options are to be assumed by the successor corporation (or an affiliated company thereof) in connection with the Operation, then the Optionee shall continue, over his or her period of Continuous Status as a Beneficiary following the Operation to vest in the remaining unvested Options in one or more installments in accordance with the Vesting Schedule specified above.

4. Termination Period

The Options may be exercised for one (1) month after termination of the Optionee's Continuous Status as a Beneficiary, to the extent the Options are exercisable at the time of termination.

Upon the death of the Optionee, the Options may be exercised during a period of six (6) months as provided in the Plan. Upon the Disability of the Optionee, the Options may be exercised during a period of six (6) months as provided in the Plan. In no event may the Options be exercised after the Term/Expiration Date.

Save as provided in the Plan, in no event shall the Options be exercised later than the Term/Expiration Date as provided above. Should the Options expire or become unexercisable for any reason without having been exercised in full, the unsubscribed Shares which were subject thereto shall, unless the Plan shall have been terminated, become available for future grant under the Plan.

By his signature and the signature of the Company's representative below, the Optionee and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Option Agreement. The Optionee has reviewed the Plan and this Option Agreement in their entirely, has had the opportunity to obtain the advice of counsel prior to executing this Option Agreement and fully understands all provisions of the Plan and Option Agreement. The Optionee agrees to be bound by the terms of the Plan, the terms of the Option as set forth in this Option Agreement. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Option Agreement. The Optionee further agrees to notify the Company upon any change in the residence address indicated below.

ERYTECH PHARMA

STOCK OPTION GRANT AGREEMENT

PART II

TERMS AND CONDITIONS

1. Grant of Option

1.1 The Administrator of the Plan hereby grants to the Optionee named in the Notice of Grant attached as Part I of this Agreement (the "**Optionee**"), [_____] options (the "**Options**") to subscribe the number of Shares, as set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "**Exercise Price**"), subject to the terms and conditions of the Plan, which is incorporated herein by reference.

In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan shall prevail.

1.2 The Option will be valid as from the Date of Grant.

1.3 Except as provided by Law, in the event of any tax liability arising on account of the Grant of the Options, the liability to pay such taxes shall be that of the Beneficiary alone. The Beneficiary shall enter into such agreements of indemnity and execute any and all documents as the Company may specify for this purpose, if so required at the time of the Grant and at any other time at the discretion of the Company, on such terms and conditions as the Company may think fit, for recovery of the tax due, from the business associate.

2. Exercise of Option

2.1 Right to Exercise

This Option is exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Grant and the applicable provisions of the Plan and this Option Agreement. In the event of the Optionee's death, Disability or other termination of Optionee's Continuous Status as a Beneficiary, the exercisability of the Option is governed by the applicable provisions of the Plan and this Option Agreement.

2.2 Method of Exercise

This Option is exercisable by delivery of an exercise notice, in the form attached hereto (the "**Exercise Notice**"), comprising a share subscription form (*bulletin de souscription*) which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "**Exercised Shares**"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Company or its designated representative or by facsimile message to be immediately confirmed by certified mail to the Company or by any other electronic means as might be agreed upon between the Company and the bank appointed to manage the Plan. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. The Optionee must make appropriate arrangements with the Company (or Affiliated Company employing the Optionee) for the satisfaction of all applicable income and employment tax withholding requirements applicable to the Option exercise. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the proof of payment of such aggregate Exercise Price and withholding taxes.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with all relevant provisions of law as set out under Section 14(a) of the Plan.

Upon exercise of an Option, the Shares issued to the Optionee shall be assimilated with all other Shares of the Company and shall be entitled to dividends for the fiscal year in course during which the Option is exercised.

3. Method of Payment

Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee and, in any case, subject to its acceptance by the bank appointed to manage the Plan:

(g) wire transfer with the execution of the corresponding exchange contract; or

(h) check;

(i) if the Optionee is not a U.S. Beneficiary, offset between receivables; or

(j) any combination of the foregoing methods of payment.

Where the exercise of an Option would lead the Company to be liable for any payment, whether due to fees, taxes or to charges of any nature whatsoever, in place of the Optionee, such Option shall be deemed duly exercised when (a) the full payment for the Shares with respect to which the Option is exercised is executed by the Optionee and (b) the Optionee provides the Company with either (i) the receipt stating the payment by the Optionee of any such fee, tax or charge, as above described that would otherwise be paid by the Company upon exercise of the Option, in place of the Optionee or, (ii) the full payment, under the same conditions, of any amount due to the exercise of the Option to be borne by the Company.

The Company and its Affiliated Companies may not be held responsible in any way if the Beneficiary for any reason not attributable to the Company or its Affiliated Companies was not able to exercise the Option or purchase the Shares. The payment for the purchase of the shares shall be made by the Optionee under his/her own responsibility according to these Terms and Conditions.

4. Non-Transferability of Option

This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

5. Term of Option

Subject as provided in the Plan, this Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

6. **Additional Terms Applicable to an Incentive Stock Options**

For the Incentive Stock Options, the following terms and conditions shall also apply to the grant:

1) This Option shall cease to qualify for favorable tax treatment as an Incentive Stock Option if (and to the extent) this Option is exercised for one or more Shares: (i) more than three (3) months after the date the Optionee ceases to be an Employee for any reason other than death or Permanent Disability or

(ii) more than twelve (12) months after the date the Optionee ceases to be an Employee by reason of Permanent Disability.

2) No installment under this Option shall qualify for favorable tax treatment as an Incentive Stock Option if (and to the extent) the aggregate Fair Market Value (determined at the Date of Grant) of the Shares for which such installment first becomes exercisable hereunder would, when added to the aggregate value (determined as of the respective date or dates of grant) of any earlier installments of the Shares and any other securities for which this Option or any other Incentive Stock Options granted to the Optionee prior to the Date of Grant (whether under the Plan or any other option plan of the Company or any Subsidiary) first become exercisable during the same calendar year, exceed One Hundred Thousand U.S. Dollars (U.S. $100,000) in the aggregate. Should such One Hundred Thousand Dollar ($100,000) limitation be exceeded in any calendar year, this Option shall nevertheless become exercisable for the excess shares in such calendar year as a Non-Statutory Stock Option. Optionee hereby acknowledges that there is no assurance that the Option will, in fact, be treated as an Incentive Stock Option under Section 422 of the Code. By executing this Grant Agreement, Optionee acknowledges and agrees that Optionee is solely responsible for the satisfaction of any applicable taxes that may be imposed on Optionee that arise as a result of the grant, vesting or exercise of the Option.

(v) Should the Optionee hold, in addition to this Option, one or more other options to purchase Shares which become exercisable for the first time in the same calendar year as this Option, then for purposes of the foregoing limitations on the exercisability of such options as Incentive Stock Options, this Option and each of those other options shall be deemed to become first exercisable in that calendar year on the basis of the chronological order in which they were granted, except to the extent otherwise provided under applicable law or regulation.

(vi) For this purpose, Permanent Disability shall mean the inability of the Optionee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that is expected to result in death or has lasted or can be expected to last for a continuous period of twelve (12) months or more.

7. Entire Agreement - Governing Law

The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This agreement is governed by the laws of the Republic of France.

Any claim or dispute arising under the Plan or this Agreement shall be subject to the exclusive jurisdiction of the court competent for the place of the registered office of the Company.

OPTIONEE

_____

Signature

_____

Print Name

_____

Residence Address

_____

ERYTECH PHARMA SA

By: _____

Title: _____

EXHIBIT A

ERYTECH PHARMA
A French Société Anonyme having a share capital of EUR.[_____]
Registered office : [_____]
[ ] R.C.S. [___]

2019 STOCK OPTION PLAN
EXERCISE NOTICE
(Share subscription form)

ERYTECH PHARMA
[_____]
[_____]
France [_____], [_]

Attention: [_____]

1. **Exercise of Option**. Effective as of today, _____, __, the undersigned ("Optionee") hereby elects to subscribe _____ (_____) shares (the "Shares") of ERYTECH PHARMA SA (the "Company") under and pursuant to the Company's 2019 Stock Option Plan (the "Plan") adopted by the Board of Directors on July 31, 2019 and the Stock Option Agreement dated _____, __ (the "Option Agreement"). The subscription price for the Shares shall be EUR. _____, as required by the Option Agreement.

2. **Delivery of Payment**. Optionee herewith delivers to the Company the full subscription price for the Shares.

3. **Representations of Optionee**. The Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4. **Rights as Shareholder**. Until the issuance (as evidenced by the appropriate entry on the books of the Company) of the Shares, the Optionee shall have, as an Optionee, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Option. No adjustment will be made for rights in respect of which the record date is prior to the issuance date for the Shares, except as provided in Section 11 of the Plan.

5. **Tax consultation**. The Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's subscription or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the subscription or disposition of the Shares. The Optionee is not relying on the Company for any tax advice.

6. **Entire Agreement; Governing Law**. The Plan and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan and the Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This agreement is governed by the laws of the Republic of France.

*
* *

This Exercise notice is delivered in two originals one of which shall be returned to the Optionee.

Submitted by:
OPTIONEE (*)

Accepted by:
ERYTECH PHARMA

_____
Signature

_____
Signature

_____
Print Name

Its:_____

Address:

_____

(*) The signature of the Optionee must be preceded by the following manuscript mention *"accepted for formal and irrevocable subscription of [_____] Shares"*.

Exhibit 4.23

Erytech Pharma
Public Limited Company with a share capital of €1,794,003.50
Headquarters: 60, avenue Rockefeller, 69008 Lyon
Lyon Trade Register 479 560 013

2019 AGA Plan

TERMS AND CONDITIONS OF THE FREE SHARE ALLOCATION

PLAN

Adopted by the Board of Directors on October the 9th, 2019

TABLE OF CONTENTS

1) GENERAL PROVISIONS

A free share allocation plan is a mechanism by which a company allots at no cost a certain number of its existing or future shares to employees and corporate officers who meet the conditions defined in Article L. 225-197-1, II of the French Commercial Code, and to employees and corporate officers of the companies or groups related to the Company as this term is used in Article L. 225-197-2, 1 of the French Commercial Code.

Based on the authorization granted under the thirtieth resolution of the Combined Shareholders' Meeting of ERYTECH Pharma, a joint stock company with share capital of €1,794,003.50 and headquarters at 60, avenue Rockefeller, 69008 Lyon, registered with the Trade Register of Lyon under number 479 560 013 (the "**Company**") on June 21, 2019, the Board of Directors decided at its October the 9th, 2019 meeting to adopt the "**Terms and Conditions**" governing the allotment of free shares of the Company to the Beneficiaries (as this term is defined below), under the stipulations of Articles L. 225-197-1 et seq. of the French Commercial Code, which shall regulate said allotment of free shares according to the terms and conditions set forth below.

Except where otherwise decided by the Board of Directors, the Terms and Conditions of this Regulation shall be applicable to all free share allocations that may be approved by the Board of Directors on the basis of the thirtieth resolution adopted by the Combined Shareholders' Meeting of June 21, 2019.

2) PURPOSE OF THE TERMS AND CONDITIONS

Through the allocations of free shares, the Company wishes to attract and retain high quality employees to work in positions of responsibility, to provide additional motivation to the Beneficiaries and thus to make them partners in the development of the Group.

3) DEFINITIONS

re"	means one or more shares of the Company.
al Allocation"	means any decision made by the Board of Directors to allot Free Shares to a given Beneficiary which grants to thi Beneficiary the right to receive all or some of said Free Shares at the end of each Vesting Period, provided that a requirements of the Terms and Conditions have been met.
nitive Allocation"	means the allocation that occurs at the end of a Vesting Period, after which a Beneficiary becomes the effective an definitive owner of all or some of the Shares comprising the relevant Tranche.
horization of Shareholders"	means the authorization to grant Free Shares given to the Board of Directors by the Erytech Pharma shareholders at th Combined Shareholders' Meeting on June 21, 2019 as amended by a subsequent shareholders' meeting, if appropriate.
eficiary"	means an Eligible Person to whom at least one Share has been granted pursuant to the Terms and Conditions.
al Allocation Date"	means the date on which the Board of Directors grants Free Share allocations and is the starting date of the Vestin Period.
al Allocation Date"	means the date on which each Beneficiary shall effectively acquire all or some of the Shares granted at the end of Vesting Period.

ible Person”	means a corporate officer (Chairman, Chief Executive Officer, Chief Deputy Officers or Chief Operating Officer of the Company), or an Employee of the Company or of an Affiliated Company who meets the conditions stipulated in Articles L 225-197-1 to L. 225-197-5 of the French Commercial Code and satisfies the terms and criteria of allocation defined by the Board of Directors in its decision dated October the 9th, 2019.
ıager”	means the Board of Directors of the Company, which administers the Terms and Conditions in accordance with Article 5 o these Terms and Conditions.
ıbility”	means a disability of the Beneficiary which corresponds to the second or third category stipulated in Article L.341-4 of th Social Security Code.
up”	designates the Group composed of the Company and the Affiliated Companies.
ting Periods”	means the periods defined in Article 9.1.1, which each begin to run from the Initial Allocation Date, during whic Beneficiaries do not yet own the Shares granted to them but are owners of a conditional, future claim against the Company.
ention Periods”	means the periods during which Beneficiaries may not Assign Shares that have been definitively awarded pursuant t Article 9.3 of the Terms and Conditions.
ns and Conditions”	means this 2019 AGA Plan as adopted by the Manager on October the 9th, 2019.
ployee”	means an individual person who is employed by the Company or any Affiliated Company and subject to the direction an control of the employing entity in the performance and conduct of the work to be accomplished.
npany”	means Erytech Pharma, a French Limited Liability Company.
liated Company”	means a company that meets the criteria stipulated in Article L.225-197-2, I of the French Commercial Code: -- companies or economic interest groups in which the Company holds at least 10% of the capital or voting rights, either directl or indirectly; -- companies or economic interest groups that directly or indirectly hold at least 10% of the capital or voting rights in the Company; -- companies or economic interest groups in which at least 50% of the capital or voting rights is held, either directly or indirectly by a company that itself holds, directly or indirectly, at least 50% of the capital of the Company. -
ign”	means the act of transferring, even temporarily, the ownership, co-ownership, bare ownership or beneficial interest in an manner whatsoever, including through a pledge or lease of shares.

4) SHARES GOVERNED BY THESE TERMS AND CONDITIONS

Subject to the application of Article 14 of the Terms and Conditions and in accordance with the Authorization of the Shareholders, the maximum number of Shares in an Initial Allocation under the Terms and Conditions is 400,000 Shares with a par value of €0.10, adjusted if applicable to take into account any split or reverse split of the Shares, divided into the five tranches (the “**Tranches**“) described below:

i. **Tranche 1:** 32% of the 400,000 Shares;
ii. **Tranche 2:** 32% of the 400,000 Shares; plus the total number of Shares not vested to the Beneficiaries for Tranche 1; and
iii. **Tranche 3:** 32% of the 400,000 Shares; plus the total number of Shares not vested to the Beneficiaries for Tranche 2;

iv. **Tranche 4:** 2% of the 400,000 Shares; plus the total number of Shares not vested to the Beneficiaries for Tranche 3;
v. **Tranche 5:** 2% of the 400,000 Shares; plus the total number of Shares not vested to the Beneficiaries for Tranche 4.

given that the stipulation that the total number of capital increases that may be performed pursuant to plans to award free shares, equity warrants and stock options adopted by the Board of Directors may not exceed the threshold of 900,000 shares of common stock.

5) ADMINISTRATION OF THE TERMS AND CONDITIONS

a. Administration

The Terms and Conditions are administered by the Manager.

b. Powers of the Manager

Within the limits of the provisions of the French Commercial Code, the Shareholder Authorization and the Terms and Conditions, the Manager has discretionary power to:

i. determine the Eligible Persons to whom Free Shares shall be granted and to decide on the number of Free Shares to be granted to each of them in each Tranche;
ii. determine the terms and conditions of any Initial Allocation;
iii. analyze and interpret the terms of the Terms and Conditions;
iv. determine, amend or cancel any provision of the Terms and Conditions; and
v. make any necessary or timely decision in the administration of the Terms and Conditions.

c. Impact of the Manager's Decisions

The decisions and interpretations made by the Manager are final and are binding on all Beneficiaries.

6) LIMITATIONS

a. The Free Shares allocated are governed by Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code. They do not in any manner whatsoever constitute an element of the employment contract or corporate office or compensation of the Beneficiary in question.

Neither the Terms and Conditions, nor any Free Share granted shall grant a Beneficiary the right to continued employment in the Company or Affiliated Company, or the continuation of a corporate office in the Company, and do not in any way limit the right that the Beneficiary, the Company or an Affiliated Company may have to terminate under any circumstance this employment or corporate office, with or without cause.

b. In accordance with Article L. 225-197-1 II of the French Commercial Code, no Free Share may be granted to an Eligible Person who directly owns, at the time of the Free Share allocation, over 10% of the capital of the Company, or for whom the allocation would raise his stake to more than 10% of the share capital of the Company.

c. In addition, in application of Article L. 225-197-1 I of the French Commercial Code, the total number of Free Shares to be granted may not exceed 10% of the share capital.

7) DURATION OF THE TERMS AND CONDITIONS

Using the Shareholders' Authorization and the powers granted to it by said Authorization, the Board of Directors, in its October the 9th, 2019 decision, approved the Terms and Conditions that took effect on October the 9th, 2019, and the Free Shares may be granted from that date. The Free Shares may be granted until the expiry of a period of thirty-eight (38) months from the Shareholders'

Authorization. Unless the Terms and Conditions are canceled early pursuant to Article 12, they shall remain in effect until the expiry of the Retention Period of the last Free Share granted.

8) FREE SHARE ALLOCATION

a. Allocation Decision

The Manager may decide to allot Free Shares to Eligible Persons at any time up to the limits of the Shareholders' Authorization and the duration of the Terms and Conditions stipulated in Article 7 above.

b. Allocation of Shares and Acceptance by Beneficiaries

Each Eligible Person is informed of an Initial Allocation by letter indicating (i) the number of Free Shares granted to him/her for each Tranche; (ii) the duration of each Vesting Period, (iii) the duration of the Retention Periods, (iv) the conditions and criteria to be met for the allocation to become final at the end of each Vesting Period; and (v) all responsibilities of the Eligible Person. A copy of the Terms and Conditions shall be attached to this notification letter. A model of the notification letter appears in Appendix 2 of the Terms and Conditions.

This notification letter is sent to the Beneficiary by registered mail with return receipt requested or hand delivered to the Beneficiary by the Manager or any other duly authorized person, and the Beneficiary acknowledges receipt.

If a Beneficiary wishes to take advantage of the Initial Allocation, he/she must indicate approval to the Company by sending, via registered mail with return receipt requested or hand delivery to the Manager, the second copy of the notification of the Initial Allocation to the Company, with his or her signature under the heading "*Bon pour acceptation*" ("Approved") within thirty (30) days from receipt of the notification of the Initial Allocation.

If this is not done, the Initial Allocation shall expire.
The acceptance of the Terms and Conditions by Beneficiaries is deemed acceptance of all provisions therein.

9) SCHEDULE OF FREE SHARE ALLOCATION

a. Vesting Periods

i. Duration of Vesting Periods

The Initial Allocation to Beneficiaries will not become final:

i. for Shares granted in Tranche 1: until the end of a Vesting Period of one (1) year from the Initial Allocation decision made by the Manager;

ii. for Shares granted in Tranche 2: until the end of a Vesting Period of two (2) years from the Initial Allocation decision made by the Manager;

iii. for Shares granted in Tranche 3: until the end of a Vesting Period of three (3) years from the Initial Allocation decision made by the Manager;

iv. for Shares granted in Tranche 4: until the end of a Vesting Period of three (4) years from the Initial Allocation decision made by the Manager;

v. for Shares granted in Tranche 5: until the end of a Vesting Period of three (5) years from the Initial Allocation decision made by the Manager;

provided that, during the entire Vesting Period in question, the Beneficiary has retained the status of Eligible Person and has complied with the Allocation criteria set out in Article 10 below.

Pursuant to Article L. 225-197-3 of the French Commercial Code, the rights arising from the Initial Allocation may not be assigned or transferred by any means until the end of the Vesting Period in question.

Therefore, except where otherwise decided by the Manager, in the event of resignation, departure or retirement, termination of an employment contact of a Beneficiary by mutual agreement with the company concerned, or dismissal, withdrawal or non-renewal of the corporate position of a Beneficiary during a Vesting Period, for any reason, the Beneficiary shall lose any right to the Final Allocation Date and may not claim any compensation in this respect.

ii. Termination of a Beneficiary and/or dismissal and/or non-renewal of the Beneficiary's corporate positions during the Vesting Period

a) If a Beneficiary holds an employment contract only, the loss of the right to the Final Allocation shall occur on the date of receipt (or of the first presentation) of the notification of dismissal, notwithstanding (i) the possible existence of an advance notice period, whether given or not, (ii) any dispute by the Beneficiary of his dismissal and/or the causes of the dismissal, and (iii) any legal decision that may call into question the legitimacy of the dismissal.

b) If a Beneficiary holds a corporate office only, the loss of the right to the Final Allocation shall occur on the date of the meeting of the competent corporate entity that decided to dismiss or replace the Beneficiary in his corporate position if the Beneficiary was present at the meeting, or as of the date the Beneficiary received notification of this decision if the Beneficiary did not attend the meeting, notwithstanding (i) the possible existence of an advance notice period, whether given or not, (ii) any dispute by the Beneficiary of his dismissal and/or the causes of the dismissal, and (iii) any legal decision that may call into question the legitimacy of the dismissal.

c) If a Beneficiary holds both an employment contract and a corporate office and loses these two positions simultaneously or successively, the loss of the right to the Final Allocation shall begin on the date of receipt of the last of the two notifications described in the previous paragraphs.

iii. Resignation during the Vesting Period

If the Beneficiary resigns as an employee, if he is only an employee, or as a corporate officer, if only a corporate officer, or resigns from his/her position as employee and corporate officer simultaneously or successively if the Beneficiary holds both positions concurrently, the loss of the right to the Final Allocation shall occur:

– if the Beneficiary is an employee or corporate officer only, on the date the Company receives the Beneficiary's letter of resignation or the date it is hand delivered to a duly authorized representative of the company that employs him/her; or
– if the Beneficiary is both an employee and a corporate officer, on the date the first letter of resignation is received by the Company or is hand delivered to a duly authorized representative of the company that employs him/her;

notwithstanding the possible existence of advance notice, whether given or not.

iv. Termination by mutual agreement of the Beneficiary and the company that employs the Beneficiary during the Vesting Period

If an employment contract is terminated by mutual agreement of the Beneficiary and the company that employs him/her (including conventional termination) if the Beneficiary is an employee only, or if an employment contract is terminated by mutual agreement of the Beneficiary and the company that employs him/her, and there is a simultaneous or successive resignation or dismissal from his/her corporate office if the Beneficiary held both positions, the Beneficiary shall lose his/her right to the Final Allocation as of the first date an agreement is signed terminating the Beneficiary's position as an employee (or the date on which the administration approved the conventional termination), or the

date of receipt of the notification of termination of the corporate office or the date such office was resigned.

v. Retirement of a Beneficiary during the Vesting Period, death, disability

In the event of the retirement of a Beneficiary during a Vesting Period, the Beneficiary shall lose the right to the Final Allocation as of the date of departure.
However, as an exception to the preceding:

i. if the company that employs the Beneficiary forces the Beneficiary to retire during a Vesting Period in compliance with legal and regulatory provisions, the Beneficiary shall retain his/her right to the Final Allocation at the end of the Vesting Period, provided they comply with the rules for each Vesting Period;

ii. in the event of the death of a Beneficiary during the Vesting Period, heirs may request the Final Allocation within a period of six (6) months after the death;

iii. in the case of disability, a Beneficiary may request the Final Allocation of the Shares within a period of six (6) months of the event resulting in the disability.

vi. It is specified that, during Vesting Periods, Beneficiaries are not owners of the Shares and have no related rights. In particular, they cannot collect or have a right to dividends, have no voting rights, and have no right to the information communicated to shareholders attached to the Shares.

b. Delivery of the Securities

At the end of each Vesting Period, provided the Beneficiaries have met the vesting conditions and criteria defined in Article 10 below, the Company shall transfer and inform the Beneficiaries of the number of shares definitively granted as determined by the Board of Directors. A sample notification letter is provided in Appendix B of the Terms and Conditions.

c. Retention periods of the Shares

i. If the Beneficiary is a corporate officer

As of the Final Allocation of the Shares, the Beneficiary must hold:

i. all Shares vested in Tranche 1 for a Retention Period of one (1) year; and

ii. at least ten per cent (10%) of the aggregate number of vested Shares in each of the Tranches until the termination of his or her position.

It is specified that no Retention Period is required for the vested Shares granted in Tranche 2, Tranche 3, Tranche 4 and Tranche 5, subject to the stipulations of paragraph (ii) above.

ii. If the Beneficiary is not a corporate officer

As of the Final Allocation of the Shares, the Beneficiary must hold all vested Shares in Tranche 1 for a Retention Period of one (1) year.
No Retention Period is required for the vested Shares in Tranche 2, Tranche 3, Tranche 4 or Tranche 5.

iii. Vested shares must be recorded in registered form in an account noting this holding restriction, as appropriate.

However, the Shareholders' Meeting stipulated, provided that the transfer of the Shares vested before the end date stated in the preceding paragraph does not compromise the Preferential Treatment as defined in Article 13 of this document, that Shares vested shall be freely transferable,

in compliance with the bylaws of the Company and regulations governing companies, the shares of which are listed on a regulated market, in the event of:

i. the Disability of the Beneficiary as provided for under Article L. 225-197-1, I para. 6 of the French Commercial Code, or

ii. the death of the Beneficiary, via his/her heirs pursuant to Article L. 225-197-3, para. 2 of the same Code.

iv. A Beneficiary holds the status of shareholder as soon as the Shares are vested and throughout the Retention Period. Therefore, a Beneficiary may exercise the rights attached to the Free Shares during the Retention Period.

At the end of the Retention Period, the vested Shares may be freely transferred by the Beneficiary, subject to the Company's bylaws and the regulations governing companies, the shares of which are listed on a regulated market.

10) ALLOCATION CRITERIA AND CONDITIONS

a. Performance criteria and conditions

The Vesting of the Shares depends on compliance with the following two conditions set by the Manager, which must be confirmed at the end of each Vesting Period:

i. Beneficiaries must maintain the status of Eligible Persons throughout the entire Vesting Period in question; and

ii. The achievement of a performance target based on the increase in the price of the Company's share between the Initial Allocation Date and the Final Allocation Date of the Shares, determined for each Tranche *i* using the following formula:

$$T_i = MAX[\ MIN[\ (ERYP_i - ERYP2019)/(ERYP2019*(PM - 1))\ ;\ 100\%]\ ;\ 0\%]$$

in which:

T*i*: is the rate at which the performance target of tranche *i* is achieved, expressed as a percentage. T*i* cannot be less than 0% nor more than 100%.

PM: is the predetermined target [Performance Multiple] determined by the Manager, at which 100% of shares in a Tranche become finally allocated. PM should always be higher than 1.

ERYP2019: is determined by the Manager [on the Initial Allocation Date] based on the value of the Company's shares by reference to the closing sales price of the shares on the regulated market on which the Company is listed for the day preceding the Initial Allocation Date This value shall, however, in no case be less than nighty-five per cent (95%) of the average of the closing sales price for a share as quoted on said stock exchange market during the twenty market trading days preceding the Initial Allocation Date

ERYP*i*: is determined by the Manager [on the Final Allocation Date] based on the value of the Company's shares by reference to the closing sales price of the shares on the regulated market on which the Company is listed for the day preceding the Final Allocation Date . This value shall, however, in no case be less than nighty-five per cent (95%) of the average of the closing sales price for a share as quoted on said stock exchange market during the twenty market trading days prior to the day of the Manager decision to grant the shares, preceding the Final Allocation Date.

Application examples of the above formula are detailed in Appendix 1.

b. Calculation of share grants for each Tranche

At the end of each Vesting Period, the manager will calculate the number of Shares to be definitively granted to Beneficiaries in a Tranche using the following formula:

$$\sum_{1}^{i-1} Gi$$

G*i*: is the number of Shares to be definitely granted to a Beneficiary in Tranche *i*

G_{tot}: is the total number of Free Shares allocated to a Beneficiary at the Initial Allocation

p*i*: is the percentage of Shares in the Initial Allocation allocated to Tranche *i*

T*i*: is the rate at which the performance target of Tranche *i* is achieved

If T*i* is equal to 0%, no Share shall be definitively granted to a given Beneficiary for that Tranche. If T*i* is between 0% and 100%, then only the T*i* portion of the maximum number of Shares initially granted for Tranche i is definitely allocated to the Beneficiaries and the portion (1-T*i*) of the maximum number of Shares that has not been allocated at the end of the Vesting Period of Tranche *i* is added to the maximum number of Shares to be allocated to the subsequent Tranche.
When the number of Free Shares obtained is not a whole number, the number of Shares definitively granted shall be rounded down to the closest whole number.

c. Measurement of performance in the event of an anticipated transfer of control

As an exception to the above, in the event of a merger by absorption of the Company by another company or in the event of an Offer, after the Tranche 1 Vesting period, that is likely to result in a Change of Control or that is filed following a Change of Control (designated hereinafter in each case as an "**Operation**"), all the Shares initially granted and not yet vested on that date shall be automatically and definitively granted early by the Board of Directors of the Company.
"**Change of Control"** designates the event by which one or more persons acting in concert come to hold more than 50% of the capital or voting rights of the Company.
"**Offer"** designates any public offer (tender offer, exchange, combined, etc.) for all of the Company's shares (i) which has been filed with the French Autorité des marchés financiers, (ii) has been declared compliant by the French Autorité des marchés financiers, (iii) has been recommended or approved by the Board of Directors of the Company and, (iv) if it has been subject to the normal rules of procedure, has been positive.

11) MERGER, DE-MERGER, PARTIAL CONTRIBUTION OF ASSETS, DISSOLUTION, LIQUIDATION, SALE AND OTHER EVENTS

In the case of transactions affecting the Company that could directly or indirectly impact the Terms and Conditions, such as merger, de-merger, partial contribution of assets, dissolution followed by liquidation or otherwise, the sale of shares making up the capital of the Company, or in the event of an Offer during the Vesting Period of Tranche 1 and, in general, in the event of a restructuring that affects the Company (such operations are hereinafter designated as "**Restructuring of the Company**"), the Manager may, at its sole discretion:

(i) simply keep the Terms and Conditions in effect, provided that the Company retains its legal personality; or

(ii) cancel the Terms and Conditions and, if the shares have already been awarded, pay the Beneficiaries an indemnity in an amount equal to the market value of the Shares on the date of cancellation of the Terms and Conditions; it is emphasized as required that no indemnity or compensation shall be due to the Beneficiaries if the cancellation of the Terms and Conditions decided on by the Company is the result of any legal or regulatory amendment applicable to free share allocations, including changes that would make such

allocations more costly for the Company than on the date of implementation of the Terms and Conditions; or

(iii) carry out an exchange of the Free Shares granted under the Terms and Conditions for new similar shares (or for any other equivalent right) that have identical features, provided that this exchange is performed in the context of a transaction approved or authorized by the collectivity of shareholders or any competent entity of the Company, in accordance with the law and the bylaws of the Company; or

(iv) generally, make any change to the Terms and Conditions which the Manager deems appropriate in order to take into consideration the Restructuring of the Company, as long as the rights of the Beneficiaries are not negatively impacted by such a change.

12) CHANGES TO THE TERMS AND CONDITIONS - MANAGEMENT

a. Change

The Manager may amend the provisions of these Terms and Conditions, suspend them or terminate them at any time.

b. Consequences of a Change or Cancellation

No change, alteration, suspension or cancellation of the Terms and Conditions may reduce the rights of a Beneficiary without the agreement of the Beneficiary, unless said change results from a legislative or regulatory provision that has recently taken effect or from any other enforceable provision imposed on the Company or an Affiliated Company.
Beneficiaries shall be informed of any change in the Terms and Conditions that impacts the rights they enjoy under these Terms and Conditions. This notification to Beneficiaries may be given individually or by any other means the Board of Directors deems sufficient and appropriate.

c. Management

The management of the Terms and Conditions is assigned to the Manager. However, the Manager reserves the option of transferring management of the Terms and Conditions to any financial institution, in which case said institution shall inform the Beneficiaries.

13) TAX AND SOCIAL SECURITY TREATMENT

The Beneficiary shall pay all taxes and withholdings for which he/she is responsible under the tax rules in effect on the due date of said taxes and withholdings.
The tax and social security rules applicable to free share allocations differ depending on the nationality and country of residence of the Beneficiaries. Both the Beneficiary and his/her employer may be subject to reporting and/or contribution requirements because of the Initial Allocation and/or Final Allocation, and/or the sale of the Shares. The Beneficiary assumes sole responsibility for compliance with income tax and social security reporting and contributions incumbent on them because of the aforementioned events.
However, if the Company or an Affiliated Company must pay taxes, social security contributions, or any other similar charge, in the name and on behalf of the Beneficiary because of the Initial and/or Final Allocation, the Beneficiary expressly authorizes his or her employer, the Company or any agent designated for this purpose to deduct these amounts from the Beneficiary's compensation, or, if applicable, from the proceeds from the sale of the Shares. The Company reserves the right to suspend delivery of the Shares vested by a Beneficiary until he/she has paid all amounts for which he/she is responsible or until the method of payment of these sums has been agreed with the Company or Affiliated Company concerned.
Likewise, on an exceptional basis, the Company may suspend delivery of vested Shares to one or more Beneficiaries at the end of a Vesting Period if local formalities in the country or countries concerned have still not been completed.
All information on the tax treatment applicable to the Beneficiary under the Terms and Conditions, which is transmitted by the Company to the Beneficiary, is provided for information purposes only and may not be construed as comprehensive by the Beneficiary. In particular, this type of information cannot cover the diversity of tax and personal situations of the Beneficiaries. Each Beneficiary should consult with advisors of his or her choice to analyze their personal situation. In particular, Beneficiaries are informed that, in the case of an international transfer within the Group

that results in a change of tax residence and/or liability for a social security plan, occurring between the Initial Allocation Date and the sale of the Shares, the Beneficiary may be responsible for reporting and/or contribution obligations in different countries. As appropriate, the Beneficiary's tax obligations may be proportional to the period during which the Beneficiary has been a tax resident in a specific country.

14) LIABILITY OF THE COMPANY

Neither the Company nor its Affiliated Companies may be held liable under any circumstance if, for any reason not chargeable to the Company or its Affiliated Companies, a Beneficiary is unable to vest the Shares granted to him/her.

15) PREVENTION OF INSIDER TRADING

All Beneficiaries must, under their sole, full and entire responsibility, comply with the regulations on insider trading and insider dealing and comply with the prevention mechanisms implemented by the Group.
All persons are required to refrain from buying and selling the shares of a listed company, or from transmitting information with the same intent, when they are party to "privileged" information, meaning information that has not yet been published and that may have an influence on the market price of a given share. Persons who break this rule are liable for legal and financial sanctions. This rule applies to Beneficiaries who receive Shares under these Terms and Conditions, particularly with regard to a decision to sell these Shares.
The Board of Directors of the Company wishes to point out to each Beneficiary expressly the regulations in force concerning persons in possession of "privileged" information.
Furthermore, in accordance with Article L. 225-197-1 of the French Commercial Code, the Shares may not be sold:

1° Within thirty calendar days prior to the announcement of an interim financial report or a year-end report that the issuer is required to make public;

2° By the members of the Board of Directors or serving as Chief Executive Officer or Chief Deputy Officers and by those employees in possession of "privileged" information under article 7 of the regulation (eu) no 596/2014 of the european parliament and of the council of 16 april 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC which has not been made public

16) INTERPRETATION

If a term or condition of these Terms and Conditions is considered null and void under the laws of a Beneficiary's place of residence, the Terms and Conditions shall be interpreted with regard to such a Beneficiary as if they did not contain the term or condition in question. Any other term or condition of these Terms and Conditions that is valid shall remain in effect and must be interpreted and applied in such a way as to comply with the Terms and Conditions to the greatest extent possible.

17) APPLICABLE LAW – JURISDICTION

The Terms and Conditions are governed by French law, in particular by the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code.
Any dispute arising from these Terms and Conditions shall fall within the exclusive jurisdiction of the competent court within the jurisdiction of the Court of Appeal for the location of the Company's headquarters.
The Free Share Allocation pursuant to these Terms and Conditions authorizes the Company to request at any time that Beneficiaries comply with all legislative and regulatory provisions governing these Free Shares.

Appendix 1 - Application examples of the formula for the calculation of T_i

Example 1

tion	100	ERYP2019	ERYPi	PM	Ti	Gi	cumulated Gi
	32%	5,00 €	6,00 €	3	10,0%	3,2	3,2
	32%	5,00 €	14,00 €	3	90,0%	54,72	57,92
	32%	5,00 €	18,00 €	3	100,0%	38,08	96
	2%	5,00 €	4,00 €	3	0,0%	0	96
	2%	5,00 €	3,00 €	3	0,0%	0	96

Example 2

tion	100	ERYP2019	ERYPi	PM	Ti	Gi	cumulated G
	32%	5,00 €	5,00 €	3	0,0%	0	
	32%	5,00 €	5,00 €	3	0,0%	0	
	32%	5,00 €	5,00 €	3	0,0%	0	
	2%	5,00 €	5,00 €	3	0,0%	0	
	2%	5,00 €	11,00 €	3	60,0%	60	6

NB: Gi not rounded here

Example 3

tion	100	ERYP2019	ERYPi	PM	Ti	Gi	cumulate
	32%	5,00 €	5,00 €	3	0,0%	0	
	32%	5,00 €	8,00 €	3	30,0%	19,2	
	32%	5,00 €	12,00 €	3	70,0%	53,76	7
	2%	5,00 €	16,00 €	3	100,0%	25,04	
	2%	5,00 €	20,00 €	3	100,0%	2	

NB: Gi not rounded here

CERTAIN INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED. [***] HAD BEEN INSERTED IN THE TEXT BELOW TO IDENTIFY WHERE INFORMATION HAS BEEN REDACTED. SCHEDULES HAVE BEEN OMITTED PURSUANT TO ITEM 601(A)(5) OF REGULATION S-K AND WILL BE FURNISHED ON A SUPPLEMENTAL BASIS TO THE SECURITIES AND EXCHANGE COMMISSION UPON REQUEST

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LICENSE AGREEMENT

This LICENSE AGREEMENT (this "Agreement") is entered into as of June 24, 2019 (the "Effective Date") by and between **ERYTECH Pharma**, *Société Anonyme*, incorporated in France at the companies and trades registry under number 479 560 013 rcs Lyon, with a share capital of €1,794,003.50 and having its registered office at Bâtiment Adénine, 60 Avenue Rockefeller, 69008 Lyon, FRANCE represented by Mr. Gil BEYEN, Chief Executive Officer ("Erytech"), and SQZ Biotechnologies Company, a Delaware corporation with offices located at 134 Coolidge Avenue, Watertown, MA 02472 ("SQZ"). Erytech and SQZ are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

WHEREAS, Erytech is a clinical-stage biopharmaceutical company developing innovative therapies for cancer and orphan diseases which uses a novel technology to encapsulate therapeutic drug substances inside erythrocytes;

WHEREAS, Erytech owns or otherwise controls certain patents, patent applications, technology, know-how and scientific and technical information relating to the modulation of immune function;

WHEREAS, SQZ seeks to develop and commercialize Licensed Products (as defined below), and SQZ desires to acquire an exclusive license in the Territory (as defined below) to such Erytech intellectual property; and

WHEREAS, Erytech desires to grant such license to SQZ;

NOW, THEREFORE, in consideration of the mutual covenants and agreements provided herein, Erytech and SQZ hereby agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, the following definitions shall be applicable:

1.1 "Affiliate" means, with respect to a person or entity, any person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such first person or entity for so long as such person or entity controls, is controlled by or is under common control with such first person, regardless of whether such Affiliate is or becomes an Affiliate on or after the Effective Date. For purposes of this definition, "control" and, with correlative meanings, the terms "controlled by" and "under common control with" means (a) the possession, directly or indirectly, of the power to direct the management or policies of a business entity, whether through the ownership of voting securities, by contract relating to voting rights or corporate governance, or otherwise; or (b) the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities. The Parties acknowledge that in the case of certain entities organized under the laws of certain countries outside of the United States, the maximum percentage ownership permitted by law for a foreign investor may be less than fifty percent (50%), and that in such case such lower percentage shall be substituted in the

preceding sentence; provided that such foreign investor has the power to direct the management or policies of such entity.

1.2 "Antigen" means (a) any polypeptide or its fragments potentially capable of eliciting a specific immune response to the polypeptide or the fragments, including, but not limited to, all splice variants, mutants, natural variants, etc. reasonably associated with such polypeptide, or (b) any nucleic acid sequence encoding the polypeptides described in (a).

1.3 "Business Day" means a day other than a Saturday or Sunday on which banking institutions in Boston, Massachusetts (United States) or Paris (France) are open for business.

1.4 "Calendar Quarter" means each successive period of three (3) calendar months commencing on January 1, April 1, July 1 and October 1, except that the first Calendar Quarter of the Term shall commence on the Effective Date and end on the day immediately prior to the first to occur of January 1, April 1, July 1 or October 1 after the Effective Date, and the last Calendar Quarter shall end on the last day of the Term.

1.5 "Calendar Year" means each successive period of twelve (12) calendar months commencing on January 1 and ending on December 31, except that the first Calendar Year of the Term shall commence on the Effective Date and end on December 31 of the year in which the Effective Date occurs and the last Calendar Year of the Term shall commence on January 1 of the year in which the Term ends and end on the last day of the Term.

1.6 "Change of Control" means, with respect to a Party: (a) the acquisition by any Third Party of beneficial ownership of fifty percent (50%) or more of the then outstanding common shares or voting power of such Party, other than acquisitions by employee benefit plans sponsored or maintained by such Party, or in connection with a public or private financing; (b) the consummation of a business combination involving such Party, unless, following such business combination, the stockholders of such Party immediately prior to such business combination beneficially own directly or indirectly more than fifty percent (50%) of the then outstanding common shares or voting power of the entity resulting from such business combination; or (c) the sale of all or substantially all of such Party's assets or business relating to the subject matter of the Agreement. Notwithstanding the foregoing, any transaction or series of transactions effected for the purpose of changing the form or jurisdiction of organization of such Party (such as a corporate reorganization) will not be deemed a "Change of Control" for purposes of this Agreement.

1.7 "Combination Components" shall have the meaning set forth in Section 1.33.

1.8 "Combination Product" means a product that includes a Licensed Product and at least one (1) Combination Component.

1.9 "Commercially Reasonable Efforts" means the level of efforts and resources comparable to the efforts and resources commonly used in the research-based biopharmaceutical industry by [***] for products of similar market potential at a similar stage in development or product life, taking into consideration market exclusivity, profitability, market potential, potential competition, medical and clinical considerations, regulatory conditions and other relevant factors. "Commercially Reasonable Efforts" shall be determined on a country-by

country (or region-by-region, where applicable) and Indication-by-Indication basis. In determining the level of efforts constituting "Commercially Reasonable Efforts", any payment required to be made to Erytech hereunder shall not be taken into account.

1.10 "Confidential Information" means any technical, business, or other information or data provided orally, visually, in writing or other form by or on behalf of one Party to the other Party in connection with this Agreement, whether prior to, on, or after the Effective Date, including information relating to the terms of this Agreement, any Licensed Product, any Exploitation of any Licensed Product, any know-how with respect thereto developed by or on behalf of the disclosing Party or its Affiliates, or the scientific, regulatory or business affairs or other activities of either Party.

1.11 "Control" means (as an adjective or as a verb including conjugations and variations such as "Controls," "Controlled," or "Controlling") (a) with respect to Patent Rights and/or Know-How, the possession by a Party of the ability to grant a license or sublicense of such Patent Rights and/or Know-How, and (b) with respect to proprietary materials, the possession by a Party of the ability to supply such proprietary materials to the other Party as provided herein, in each case without violating the terms of any agreement or arrangement between such Party and any other party existing as of the time such Party is required to grant such access, right to use, license or sublicense, as applicable, to the other Party hereunder.

1.12 "Effective Date" has the meaning set forth in the Preamble.

1.13 "Erytech Intellectual Property" means the Erytech Know-How and the Erytech Patent Rights.

1.14 "Erytech Know-How" means any Know-How Controlled by Erytech (or any of its Affiliates) that is disclosed by Erytech to SQZ at the Erytech Know-How Transfer Meeting that is necessary or reasonably useful for the Exploitation of a Licensed Product.

1.15 "Erytech Know-How Transfer Meeting" shall have the meaning set forth in Section 2.4.

1.16 "Erytech Patent Rights" means (a) the Patent Rights listed in Schedule 1.16 (which include, for the avoidance of doubt, all Patent Rights with respect to such listed Patents Rights, such as patents issuing from such listed Patent Rights, foreign counterparts of such listed Patent Rights and patents claiming priority to such listed Patent Rights), and (b) any Patent Rights Controlled by Erytech or any of its Affiliates that claim the Erytech Know-How.

1.17 "Event Milestone Payments" means the amounts set forth in Section 4.2(a) opposite the respective Event Milestones.

1.18 "Exploit" or "Exploitation" means to make, have made, import, use, sell, or offer for sale, including to research, develop, commercialize, register, modify, enhance, improve, manufacture, have manufactured, hold, or keep (whether for disposal or otherwise), formulate, optimize, have used, export, transport, distribute, promote, market, or have sold or otherwise dispose of.

1.19 "First Commercial Sale" means, with respect to a Licensed Product in any country, the first invoiced sale for end use or consumption of such Licensed Product in such country by SQZ after receipt of Regulatory Approval (other than any Pricing Approval) has been granted in such country. Notwithstanding the preceding, First Commercial Sale includes "treatment IND sales," "named patient sales," and "compassionate use sales" in which the Licensed Product is supplied and charged in excess of the actual manufacturing costs.

1.20 "Generic Product" means, with respect to a given Licensed Product, a product (a) that contains (i) an identical active ingredient(s) as such Licensed Product, or (ii) a "highly similar" active ingredient(s) to such Licensed Product, as the phrase "highly similar" is used in 42 U.S.C. § 262(i)(2), and subject to the factors set forth in FDA's Guidance for Industry, "Quality Considerations in Demonstrating Biosimilarity to a Reference Protein Product," (February 2012), at Section VI, or any successor FDA guidance thereto, (b) for which Regulatory Approval is obtained by referencing regulatory materials of such Licensed Product, (c) is approved for use in such country (or region) pursuant to a Regulatory Approval process governing approval of interchangeable or biosimilar biologics as described in 42 U.S.C. §§ 262, or a similar process for Regulatory Approval in any country (or region) outside the United States, or any other similar provision that comes into force, or is the subject of a notice with respect to such Licensed Product under 42 U.S.C. § 262(1)(2) or any other similar provision that comes into force in such country (or region), and (d) is sold in the same country as such Licensed Product by any Third Party that is not a sublicensee of SQZ or its Affiliates and did not purchase such product in a chain of distribution that included SQZ or any of its Affiliates or sublicensees.

1.21 "Generic Product Entry" means, on a country-by-country and Licensed Product-by-Licensed Product basis, the date on which a Generic Product obtained Regulatory Approval and first Commercial Sales of such Generic Product occurred (with respect to such Licensed Product) in such country.

1.22 "Generic Product Reduction Point" means, on a country-by-country and Licensed Product-by-Licensed Product basis, after the Generic Product Entry, the earlier of (a) the first Calendar Quarter in which the Net Sales of such Licensed Product in such country sold by or on behalf of SQZ or its Affiliates or sublicensees is less than [***] percent ([***]%) of the average quarterly Net Sales of such Licensed Product by or on behalf of SQZ or its Affiliates or sublicensees in each of the four (4) Calendar Quarters immediately preceding the Generic Product Entry or (b) the first Calendar Quarter in which Generic Products available in such country have obtained sales greater than [***] percent ([***]%) of the combined sales of the Licensed Product together with such Generic Products, as measured by number of units sold, and which Generic Product sales are evidenced by independent market data (where available), such as that published by IMS International, or if such data is not available, such other reliable data source as reasonably determined by the Parties.

1.23 "Governmental Authority" means any court, agency, department, authority or other instrumentality of any national, state, county, city or other political subdivision.

1.24 "Immune Activator" means an immune stimulant or an immune adjuvant including, but not limited to, a small molecule, peptide, protein, an RNA or DNA molecule encoding such a protein or peptide, an oligonucleotide, a cyclic dinucleotide (CDN) or an oncolytic virus, which

helps initiate, amplify, and/or sustain an innate or adaptive immune response, and/or induce a co-stimulatory activity, and that is not an Antigen.

1.25 "Indemnified Party" has the meaning assigned to it in Section 9.3.

1.26 "Indemnifying Party" has the meaning assigned to it in Section 9.3.

1.27 "Indication" means each disease or condition separately categorized in the World Health Organization's International Classification of Diseases 10 coding system at the level defined one place to the right of the decimal point and for which a separate Clinical Study is required to obtain Regulatory Approval. For clarity, two different lines of therapy or patient sub-populations for the same disease shall be deemed the same Indication.

1.28 "Know-How" means all technical, scientific, and other know-how and information, trade secrets, knowledge, technology, means, methods, processes, practices, formulae, instructions, skills, techniques, procedures, experiences, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, apparatuses, specifications, data, results and other material, including: biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, pre-clinical, clinical, safety, manufacturing and quality control data and information, including study designs and protocols; assays; and biological methodology; in each case (whether or not confidential, proprietary, patented or patentable) in written, electronic or any other form now known or hereafter developed.

1.29 "Laws" means all laws, statutes, rules, regulations, orders, judgments and/or ordinances of any Governmental Authority.

1.30 "Licensed Product(s)" means any product whose purpose is to modulate an immune response that contains (a) red blood cells (RBCs) and (b) one or multiple Antigen(s) and, absent the licenses granted herein, could not be developed, used, manufactured, imported, marketed, sold or offered for sale without infringing a Valid Claim of an Erytech Patent Right, other than RBC-containing products (i) whose intended primary mechanism of action is other than eliciting an Antigen-specific immune response or (ii) whose primary purpose is to elicit immune tolerance to a Therapeutic Enzyme that modulates a metabolite(s) set forth on Part A of Schedule 1.46, wherein the RBCs contain a portion or derivative of the Therapeutic Enzyme that modulates a metabolite(s) set forth on Part A of Schedule 1.46 that is sufficient to elicit the immune tolerance. For the avoidance of doubt, Licensed Products do not include products wherein the RBCs contain only Immune Activator(s) and not Antigen(s).

1.31 "Losses" means any and all costs, expenses claims, losses, liabilities, damages, fines, penalties, deficiencies, interest, settlement amounts, awards, and judgments, including any reasonable attorneys' fees.

1.32 "Major Market" means any of the [***].

1.33 "Net Sales" means for a Licensed Product in a particular period, the amount calculated by subtracting from the amount invoiced by SQZ or its Affiliates for sales of such Licensed Product for such period: [***].

Where the Licensed Product is sold in combination with other pharmaceutical products or active ingredients [***], Net Sales [***] shall be calculated on a country-by-country basis as follows:

(i) [***]; and

(ii) [***]; and

(iii) [***]; and

(iv) [***].

Notwithstanding the foregoing, the following will not be included in Net Sales [***]. Sales of the Licensed Product [***] shall be excluded from [***].

1.34 "Patent Rights" means all (a) patents and patent applications, (b) additions, priority applications, continuations, continuations-in-part, divisions, and provisionals of any of the foregoing, and (c) all patents issuing on any of the foregoing, together with all invention certificates, substitutions, reissues, reexaminations, registrations, renewals, and supplementary protection certificates, confirmations, and extensions patents of any of the foregoing, and foreign counterparts of any of the foregoing.

1.35 "Phase I Study" means a human clinical study in any country that would satisfy the requirements of 21 C.F.R. § 312.21(a) (FDCA), as amended from time to time, and the foreign equivalent thereof

1.36 "Phase II Study" means a human clinical study, for which the primary endpoints include a determination of dose ranges and/or a preliminary determination of efficacy in patients being studied as described in 21 C.F.R. § 312.21(b) (FDCA), as amended from time to time, and the foreign equivalent thereof.

1.37 "Phase III Study" means any human clinical study intended as a pivotal study for purposes of seeking Regulatory Approval that is conducted on sufficient numbers of human subjects to establish that a therapeutic product is safe and efficacious for its intended use, to define warnings, precautions, and adverse reactions that are associated with such therapeutic product in the dosage range to be prescribed, and to support Regulatory Approval of such therapeutic product or label expansion of such therapeutic product that would or does satisfy the requirements of 21 C.F.R. § 312.21(c) (FDCA), as amended from time to time, and the foreign equivalent thereof, whether or not it is designated a Phase III Clinical Trial.

1.38 "Pricing Approval" means any approval, agreement, determination, or decision of a governmental authority establishing the price or level of reimbursement for a product that can be charged or reimbursed in a given country, region or jurisdiction.

1.39 "Regulatory Approval" means any and all approvals, with respect to any jurisdiction, or authorizations of a Regulatory Authority, that are necessary for the commercial manufacture, distribution, use, marketing or sale of a pharmaceutical product in such jurisdiction.

1.40 "Regulatory Authority" means, in respect of a particular country or jurisdiction, the Governmental Authority having responsibility for granting Regulatory Approvals in such country or jurisdiction.

1.41 "Royalty Term" means, on a country-by-country and Indication-by-Indication and Licensed Product-by-Licensed Product basis, the period commencing upon First Commercial Sale of such Licensed Product for such Indication in such country and ending upon the date on which such Licensed Product is no longer covered by any Valid Claim in such country.

1.42 "Sales Milestone Payments" means the amounts set forth in Section 4.3(a).

1.43 "Sublicense Income" means all consideration, including royalties, license fees and milestone payments, actually received from a Third Party by SQZ in consideration for the grant of a sublicense to such Third Party under the Erytech Intellectual Property; provided however that Sublicense Income shall not include any consideration received by SQZ from any such sublicensee in return for, as payment for or otherwise in respect of: [***].

1.44 "Term" has the meaning set forth in Section 10.1.

1.45 "Territory" means the entire world.

1.46 "Therapeutic Enzyme" means an enzyme whose intended primary mechanism of action is to modulate the level(s) of its substrate for the treatment of cancer or metabolic disorders, with the substrate being one or more of the metabolite(s) set forth on Schedule 1.46.

1.47 "Third Party" means any person or entity other than the Parties or any of their respective Affiliates.

1.48 "Third Party Claims" shall have the meaning set forth in Section 9.1.

1.49 "Valid Claim" means, with respect to any country, any claim of an issued and unexpired Erytech Patent Right that has not been rejected, revoked or held unenforceable or invalid by a final, nonappealable decision of a court or other Governmental Authority of competent jurisdiction or unappealed within the time allowable for appeal, and that has not been explicitly disclaimed, or admitted by Erytech to be invalid or unenforceable through reissue, disclaimer or otherwise.

ARTICLE 2
GRANT OF RIGHTS

2.1 Exclusive License. Subject to the terms of this Agreement, Erytech (on behalf of itself and its Affiliates) hereby grants to SQZ an exclusive royalty-bearing license (even as to Erytech and its Affiliates), including the right to sublicense (subject to Section 2.2), under the Erytech Intellectual Property solely to Exploit Licensed Products in the Territory. Notwithstanding the foregoing exclusive license to SQZ, Erytech shall have the right to Exploit a Notice Metabolite Product unless such Notice Metabolite Product is or becomes a Licensed Product pursuant to Section 2.8.

2.2 Sublicenses. SQZ shall be entitled, without the prior consent of Erytech, to grant one or more sublicenses, in full or in part, by a written agreement to Third Parties, with the right to sublicense through multiple tiers; provided that, (a) until the [***] anniversary of the Effective Date, SQZ, without the prior written consent of Erytech, such consent not to be unreasonably withheld, conditioned or delayed, may not grant a sublicense under the Erytech Intellectual Property to a Third Party that is commercializing RBC-based therapeutic products and (b) after the [***] anniversary of the Effective Date, SQZ may grant a sublicense on an Indication-by-Indication basis under the Erytech Intellectual Property to a Third Party that is commercializing RBC-based therapeutic products.

2.3 Reservation of Rights. Except for the rights expressly granted under this Agreement, no right, title, or interest of any nature whatsoever is granted whether by implication, estoppel, reliance, or otherwise, by Erytech to SQZ or by SQZ to Erytech.

2.4 Erytech Know-How Transfer Meeting. During the [***] period following the Effective Date, SQZ may request Erytech to [***] (the "Erytech Know-How Transfer Meeting") at SQZ's expense. The Parties shall discuss in good faith the timing and location of the meeting. At the Erytech Know-How Transfer Meeting, the Parties would [***].

2.5 Covenant Not to Sue. Erytech hereby covenants and agrees, for itself and its Affiliates, not to assert, sue or bring any cause of action (and not to aid, assist or cause any Third Party to assert, sue or bring any cause of action) against SQZ or its Affiliates or their permitted sublicensees for any type of infringement of Patent Rights owned or Controlled by Erytech or its Affiliates as of the Effective Date or that claim or cover any Know-How, technology or other intellectual property that Erytech or its Affiliates owns or Controls as of the Effective Date or [***]. This covenant will run with and attach to any and all such Patent Rights and shall be binding upon any assignee or licensee of any such Patent Rights from Erytech or its Affiliates.

2.6 Notification of Opportunity. In the event that Erytech decides to explore a potential transaction with respect to Patent Rights owned or Controlled by Erytech or any of its Affiliate and having claims covering red blood cells containing an Immune Activator but no Antigen,

Erytech will inform SQZ and provide the relevant data and information to SQZ (but solely to the extent Erytech provides such data and information to Third Parties in connection with such potential transaction) as soon as reasonably practicable. Within [***] of being so informed, SQZ shall confirm its interest to submit a proposal. For clarity, (1) Erytech is under no obligation to consider a proposal from SQZ made after the [***] period, and (2) nothing in this Section 2.6 obligates Erytech to negotiate with SQZ or enter into a transaction with SQZ.

2.7 Non-Compete. During the Term, neither Erytech nor any Affiliate of Erytech, either itself or with, through or on behalf of a Third Party, shall Exploit any product whose primary purpose is to elicit immune tolerance to a Therapeutic Enzyme, wherein the RBCs contain a portion or derivative of the Therapeutic Enzyme that is sufficient to elicit the immune tolerance.

2.8 Notice Metabolite Products. If at any time during the Term (but only after the [***] anniversary of the Effective Date), SQZ desires to initiate a program to research and/or develop an RBC-containing product whose primary purpose is to elicit immune tolerance to a Therapeutic Enzyme that modulates a metabolite set forth on Part B of Schedule 1.46 (a "Notice Metabolite Product"), SQZ shall provide written notice to Erytech of such intention (a "Metabolite Product Request"). If, at the time SQZ provides such written notice, Erytech or its Affiliates (alone or with one or more Third Party(ies)) has an active bona fide program for a Notice Metabolite Product before the date SQZ provides such written notice, or Erytech or its Affiliates has entered into an executed agreement (which is still in full force and effect) with one or more Third Party(ies) for the development and commercialization of such Notice Metabolite Product under such agreement before the date SQZ provides such written notice, then such Notice Metabolite Product shall not be a Licensed Product for purposes of this Agreement. If, at the time of such written notice from SQZ, Erytech does not have an active bona fide program for such Notice Metabolite Product pursuant to the preceding sentence, but notifies SQZ in writing that Erytech has a good faith intention to initiate a program for such Notice Metabolite Product, then Erytech shall have a period of [***] from the date of receipt of notice from SQZ to either initiate an active bona fide program or enter into an executed agreement with one or more Third Party(ies) for the development and commercialization of such Notice Metabolite Product under such agreement. So long as SQZ is then in compliance with the terms of this Agreement, if Erytech does not have an active bona fide program for such Notice Metabolite Product at the time SQZ provides such written notice to Erytech and either (a) notifies SQZ that it does not intend to initiate a program for such Notice Metabolite Product, (b) does not notify SQZ in writing that it intends to initiate a program for such Notice Metabolite Product within [***] after receipt of notice from SQZ, or (c) notifies SQZ with such [***] period but does not initiate a bona fide program for such Notice Metabolite Product or enter into an executed agreement with one or more Third Party(ies) for the development and commercialization of such Notice Metabolite Product within such [***] period, then SQZ and its Affiliates, either alone, or with a Third Party, shall be entitled to Exploit such Notice Metabolite Product and such Notice Metabolite Product shall be a Licensed Product under this Agreement. Notwithstanding the foregoing to the contrary, in the event that a Notice Metabolite Product shall become a Licensed Product under this Agreement pursuant to this Section 2.8, (a) SQZ shall not have the right to submit a Metabolite Product Request for another Notice Metabolite Product until the [***] anniversary of the most recent Notice Metabolite Product becoming a Licensed Product under this Agreement, and (b) SQZ shall have a period of [***] from the date each such Notice Metabolite Product

becomes a Licensed Product under this Agreement to initiate an active bona fide program for such Notice Metabolite Product.

ARTICLE 3
DEVELOPMENT AND COMMERCIALIZATION

3.1 Responsibility. Following the Effective Date and at all times during the Term, as between the Parties, SQZ shall have the sole right, at its cost and expense, to research, develop and commercialize Licensed Products in the Territory, including regulatory, manufacturing, supply, distribution, marketing, promotion, and sales activities. Subject to the express written terms of this Agreement, all decisions concerning the development, manufacture, marketing, sale and commercialization of Licensed Products including the clinical and regulatory strategy, design, sale, price and promotion of Licensed Products covered under this Agreement shall be within the sole discretion of SQZ.

3.2 Reports. No later than January 31 of each Calendar Year during the Term, SQZ shall submit to Erytech a report providing a status of SQZ's and its Affiliates' activities related to the development and commercialization of the Licensed Products during the preceding twelve (12)-month period.

3.3 Records. During the Term, SQZ will prepare and maintain accurate records and books relating to the progress and status of its and its Affiliates' activities relating to the development and commercialization of the Licensed Products, in sufficient detail and in good scientific manner.

3.4 Diligence. SQZ will use Commercially Reasonable Efforts to develop, seek at least one Regulatory Approval for and commercialize at least one Licensed Product, throughout the Territory. Additionally, SQZ will use Commercially Reasonable Efforts to develop, seek at least one Regulatory Approval for and commercialize each Notice Metabolite Product that becomes a Licensed Product pursuant to Section 2.8, throughout the Territory.

3.5 Regulatory Affairs. As between the Parties, SQZ shall, in its sole discretion, determine all regulatory plans and strategies for the Licensed Products, and will solely own and have the right for communicating with the relevant Regulatory Authority and preparing, seeking, submitting and maintaining all regulatory filings and Regulatory Approvals and Pricing Approvals for all Licensed Products, including preparing all reports necessary as part of a regulatory filing or Regulatory Approval.

ARTICLE 4
FEES AND ROYALTIES

4.1 Upfront Payment. Within ten (10) days after the Effective Date, SQZ shall pay Erytech an upfront amount equal to one million dollars ($1,000,000).

4.2 Milestone Payments.

(a) In consideration of the rights granted hereunder, and subject to the terms and conditions of this Agreement, SQZ shall pay to Erytech the amount set forth in the table below

opposite the corresponding event Milestone (each an "Event Milestone") within [***] after the occurrence of such Event Milestone:

Event Milestone	**Event Milestone Payment (USD)**
[***]	$[***]
[***]	$[***]

(b) For the avoidance of doubt (i) each Event Milestone Payment shall be payable only on the first occurrence of the corresponding Event Milestone, regardless of the number of Licensed Products or Indications pursued and irrespective of whether the Event Milestone is met by SQZ and/or its Affiliate(s); (ii) none of the Event Milestone Payments shall be payable more than once; (iii) should the first Licensed Product be replaced or succeeded by another Licensed Product, no additional Event Milestone Payments shall be due for Event Milestones already met with respect to any other Licensed Product. The maximum aggregate amount payable by SQZ pursuant to this Section is Six Million Dollars ($6,000,000).

4.3 Sales Milestone Payments.

(a) In addition to the Event Milestone Payments, in consideration of the rights granted hereunder, and subject to the terms and conditions of this Agreement, SQZ shall pay to Erytech the following one-time payments (each, a "Sales Milestone Payment") on an Indication-by-Indication basis when aggregate Net Sales of Licensed Products for such Indication in a given Calendar Year in the Territory first reach the respective thresholds indicated below and solely to the extent that Licensed Products for such Indication are covered by a Valid Claim:

Annual Net Sales in the Territory for an Indication	**Sales Milestone Payment (USD)**
First Calendar Year in which Net Sales for an Indication exceed $[***] in such Calendar Year	$[***]
First Calendar Year in which Net Sales for an Indication exceed $[***] in such Calendar Year	$[***]
First Calendar Year in which Net Sales for an Indication exceed $[***] in such Calendar Year	$[***]
First Calendar Year in which Net Sales for an Indication exceed $[***] in such Calendar Year	$[***]

For the avoidance of doubt, each Sales Milestone Payment shall be payable irrespective of whether the Sales Milestone is met by SQZ and/or its Affiliate(s).

(b) Notwithstanding anything contained in Section 4.3(a), each milestone payment in this Section 4.3 shall be payable only upon the first achievement of such milestone for all Licensed Products for an Indication in a given Calendar Year, and no amounts shall be due for subsequent or repeated achievements of such milestone in subsequent Calendar Years for such Indication. The maximum aggregate amount payable by SQZ pursuant to this Section for each Indication is Fifty Million Dollars ($50,000,000).

4.4 Royalty Payment. In addition to the payments under Sections 4.1, 4.2 and 4.3, subject to Section 4.5, in consideration of the rights granted hereunder, and subject to the terms and conditions of this Agreement, commencing upon the First Commercial Sale of a Licensed Product and continuing during the Royalty Term, SQZ shall pay to Erytech a royalty on Net Sales on a Licensed Product-by-Licensed Product and Indication-by-Indication basis in the Territory (excluding Net Sales of each Licensed Product in any country or other jurisdiction in the Territory for which the Royalty Term for such Licensed Product in such country or other jurisdiction has expired) during each Calendar Year at the following rates:

Net Sales in the Territory of all Licensed Products for the same Indication in a Calendar Year(USD	**Royalty Percentage**
For that portion of aggregate Net Sales of all Licensed Products for an Indication in the Territory during a Calendar Year less than $[***]	[***]%
For that portion of aggregate Net Sales of all Licensed Products for an Indication in the Territory during a Calendar Year greater than or equal to $[***] and less than $[***]	[***]%
For that portion of aggregate Net Sales of all Licensed Products for an Indication in the Territory during a Calendar Year greater than or equal to $[***] and less than $[***]	[***]%
For that portion of aggregate Net Sales of all Licensed Products for an Indication in the Territory during a Calendar Year greater than or equal to $[***]	[***]%

With respect to each Licensed Product in each country or other jurisdiction in the Territory, from and after the expiration of the Royalty Term for such Licensed Product in such country or other jurisdiction, Net Sales of such Licensed Product in such country or other jurisdiction shall be excluded for purposes of calculating the Net Sales thresholds and ceilings set forth in this Section 4.4. With respect to a Licensed Product, royalties under this Section 4.4 shall continue until the expiration of the Royalty Term for such Licensed Product, and SQZ shall then have a royalty-free, perpetual, irrevocable, worldwide license, with the right to sublicense through multiple tiers, to the Erytech Intellectual Property relating to such Licensed Product.

4.5 Royalty Reductions. Notwithstanding the foregoing royalty obligations:

(a) starting with the Calendar Quarter in which the Generic Product Reduction Point with respect to such Licensed Product in such country occurs, the applicable royalty rate set forth in Section 4.4 with respect to Net Sales of such Licensed Product in such country shall be reduced by [***];

(b) if SQZ (a) reasonably determines in good faith that, in order to avoid infringement or misappropriation of any intellectual property right not licensed hereunder, it is reasonably necessary to use or obtain a license from a Third Party in order to make, use, sell, offer for sale, supply, cause to be supplied, or import a Licensed Product in a country in the Territory and to pay a royalty or other consideration under such license (including in connection with the settlement of a patent infringement claim), or (b) shall be subject to a final court or other binding order or ruling requiring any payments, including the payment of a royalty to a Third Party patent holder in respect of sales of any Licensed Product in a country in the Territory, then, SQZ shall be entitled to a reduction in the royalty rate such that the amount payable to Erytech in any Calendar Quarter shall be reduced, on a country-by-country basis and Licensed Product-by-Licensed Product basis, by [***] of the [***] by SQZ to such Third Party in such country in such Calendar Quarter, provided, however, that in no event will a deduction reduce any royalty payment made by SQZ in respect of Net Sales of such Licensed Product in such country for such Calendar Quarter by more than [***]. With respect to any amounts payable by SQZ to such Third Party that are not attributable to any specific country, SQZ shall apportion an amount of such payment to each country in a good faith reasonable manner. [***]; and

(c) notwithstanding the foregoing, during any Calendar Quarter in the Royalty Term for a Licensed Product in a country in the Territory, the operation of Sections 4.5(a) and (b), individually or in combination, shall not reduce the final royalty rate to less than [***] of the royalty rate that would have applied prior to any reduction, in each case, in such country during such Calendar Quarter.

4.6 Sublicense Income. In the event that SQZ grants a sublicense under the Erytech Intellectual Property to a Third Party and receives Sublicense Income in consideration of such sublicense, then SQZ shall pay Erytech a portion of such Sublicense Income attributable to the Erytech Intellectual Property in a certain percentage amount which will be determined by the stage of development of the Licensed Product at the time the sublicense is entered into, as set forth in the table below. If the sublicense to the Third Party includes any Patent Rights or manufacturing Know-How that is a trade secret in addition to the Erytech Intellectual Property as part of such (sub-)license transaction, then the percentage of Sublicense Income in the table below due to Erytech may be reduced to reflect the value of the Erytech Intellectual Property in relation to such other Patent Rights and manufacturing Know-How licensed to such Third Party as determined by another independent Third Party, with the Parties agreeing that in no event shall the percentage of Sublicense Income in the table below be reduced by more than [***]. The Parties shall select a

mutually acceptable independent, impartial and conflicts-free Third Party to determine such reduction. If the Parties are unable to agree on a mutually acceptable Third Party, each Party will select one independent, impartial and conflicts-free Third Party and those two Third Parties will select a third independent, impartial and conflicts-free Third Party within [***] thereafter. None of the Third Parties selected may be current or former employees, officers or directors of either Party or its Affiliates. In the event of a sublicense of all of SQZ's rights under this Agreement (by way of example, all Licensed Products in all countries), no further milestones or royalties will be paid by SQZ or its Affiliate(s) with respect to Licensed Products, and Erytech shall only be entitled to receive its percentage share of the Sublicense Income for Licensed Products from such sublicensee pursuant to this Section 4.6. In the event of a sublicense of only certain of SQZ's rights under this Agreement (by way of example, one Licensed Product in one country), no further milestones or royalties will be paid by SQZ or its Affiliate(s) with respect to any activities conducted by such sublicensee with respect to the applicable Licensed Product in the applicable country, and Erytech shall only be entitled to receive its percentage share of the Sublicense Income for such Licensed Product in such country from such sublicensee pursuant to this Section 4.6. For clarity, in the event of a sublicense of only certain of SQZ's rights under this Agreement (by way of example, one Licensed Product in one country), Erytech shall retain its rights to receive milestones and royalties with respect to any activities conducted by or on behalf of SQZ regarding Licensed Products for which SQZ has not sublicensed its rights.

Licensed Product Development Stage	**Percentage of Sublicense Income Payable to Erytech**
If the sublicense is signed prior [***]	[***]%
If the sublicense is signed following [***] but prior to [***]	[***]%
If the sublicense is signed following [***] but prior to [***]	[***]%
If the sublicense is signed following [***] but prior to [***]	[***]%
If the sublicense is signed following [***]	[***]%

ARTICLE 5
ACCOUNTING AND PROCEDURES FOR PAYMENT

5.1 Currency. All payments shall be computed and paid in United States dollars. For the purposes of determining the amount of any Sales Milestone Payments or royalties due for the relevant Calendar Quarter, the amount of Net Sales in any foreign currency shall he converted into United States dollars by

[***] to which such payments relate.

5.2 Payments. SQZ shall make royalty payments and payments for Sublicense Income to Erytech with respect to each Calendar Quarter within [***] after the end of such Calendar Quarter, and each payment of royalties shall be accompanied by a report identifying the Licensed Product, indication, each applicable country, Net Sales for each such country, and the amount payable to Erytech, as well as the computation thereof and for Sublicense Income, such report shall include the amount received by SQZ and the calculation due to Erytech. Said reports shall be kept confidential by Erytech and not disclosed to any other party, other than Erytech's accountants which shall be obligated to keep such information confidential, and such information and reports shall only be used for purposes of this Agreement.

5.3 Method of Payments. Each payment hereunder shall be made by electronic transfer in immediately available funds via either a bank wire transfer, an ACH (automated clearing house) mechanism, or any other means of electronic funds transfer, at SQZ's election, to such bank account as Erytech shall designate in a notice at least [***] before the payment is due.

5.4 Inspection of Records. SQZ shall, and shall cause its Affiliates to, keep accurate books and records setting forth gross sales of each Licensed Product, Net Sales of each Licensed Product, Sublicense Income and amounts payable hereunder to Erytech for each such Licensed Product on an Indication-by-Indication basis. SQZ shall permit Erytech, by independent certified public accountants employed by Erytech and reasonably acceptable to SQZ, to examine such books and records at any reasonable time, upon reasonable notice, but not later than [***] following the rendering of the corresponding royalty reports. The foregoing right of examination may be exercised only once during each [***] period of the Term. SQZ may require such accountants to enter into a reasonably acceptable confidentiality agreement, and in no event shall such accountants disclose to Erytech any information, other than such as relates to the accuracy of the corresponding royalty reports. The opinion of said independent accountants regarding such reports and related payments shall be binding on the parties, other than in the case of manifest error. Erytech shall bear the cost of any such examination and review; provided that if the examination shows an underpayment of royalties of more than [***] of the amount due for the applicable period, then SQZ shall promptly reimburse Erytech for all costs incurred in connection with such examination. SQZ shall promptly pay to Erytech the amount of any underpayment, with interest, revealed by an examination. Any overpayment of royalties by SQZ revealed by an examination shall be fully-creditable against future payments.

5.5 Tax Matters.

(a) Withholding Tax Matters. In the event any of the payments made by SQZ pursuant to Section 4 become subject to withholding taxes under the Laws of any jurisdiction ("Tax Withholding", the Parties agree to cooperate with one another and use reasonable efforts to reduce or eliminate Tax Withholding or similar obligations in respect of payments made by SQZ to Erytech under this Agreement. To the extent SQZ is required to make any Tax Withholdings for any payment to Erytech, SQZ shall notify Erytech accordingly and deduct and withhold the amount of such taxes for the account of Erytech to the extent required by Law, such payment to

Erytech shall be reduced by the amount of taxes deducted and withheld, and pay the amounts of such taxes to the proper Governmental Authority in a timely manner and promptly transmit to Erytech an official tax certificate or other evidence of such withholding sufficient to enable Erytech to claim such payment of taxes from any applicable Government Authority. Any such withholding taxes required under applicable Law to be paid or withheld shall be an expense of, and borne solely by, Erytech. Erytech shall provide SQZ any tax forms that may be reasonably necessary in order for SQZ not to make any Tax Withholdings or to make Tax Withholdings at a reduced rate under an applicable bilateral income tax treaty. Each Party shall provide the other with reasonable assistance to enable the recovery, as permitted by applicable Laws, of Tax Withholdings, VAT or similar obligations resulting from payments made under this Agreement, such recovery to be for the benefit of the Party bearing such withholding tax or VAT.

(b) VAT. It is understood and agreed between the Parties that any payments made by SQZ under this Agreement are inclusive of any value added or similar tax imposed upon such payments.

ARTICLE 6
PATENT PROSECUTION AND ENFORCEMENT

6.1 Ownership. Erytech is, and shall remain during the Term of this Agreement, the sole and exclusive owner of the Erytech Patent Rights.

6.2 Prosecution and Maintenance. SQZ shall have the first right to prepare, file, prosecute and maintain the Erytech Patent Rights (including patent extensions thereto), at its own cost and expense. SQZ shall keep Erytech reasonably informed of all steps with regard to the preparation, filing, prosecution, and maintenance of the Erytech Patent Rights, including by providing Erytech with a copy of communications to and from any patent authority in the Territory regarding such Erytech Patent Rights. SQZ shall provide Erytech drafts of any material filings or responses to be made to such patent authorities in the Territory [***] in advance of submitting such filings or responses with respect to Erytech Patent Rights so as to allow for a reasonable opportunity for Erytech to review and comment thereon, and Erytech may review and comment thereon and SQZ shall consider in good faith and discuss the requests and suggestions of Erytech, but SQZ will have final decision making authority with respect to the preparation, filing, prosecution and maintenance of the Erytech Patent Rights. Notwithstanding the foregoing, in the event that Erytech reasonably believes that a SQZ-proposed prosecution strategy with respect to an Erytech Patent Right materially deviates from the prosecution strategy previously pursued in Europe, the Parties shall reasonably and in good faith discuss such proposed patent prosecution strategy, and if the Parties are unable to agree on such prosecution strategy with respect to such Erytech Patent Right, Erytech will have the final decision making authority as regards to such prosecution strategy of such Erytech Patent Right (and, for clarity, SQZ shall retain control over all other prosecution items for such Erytech Patent Right). Erytech shall reasonably cooperate with SQZ's requests for data, affidavits, and other information and assistance to support prosecution and maintenance of the Erytech Patent Rights, at SQZ's cost and expense.

6.3 Step-In Right. Notwithstanding Section 6.2, if SQZ declines to file, prosecute, or maintain any Erytech Patent Rights, or elects to abandon or to allow any Erytech Patent Rights to lapse in any country, SQZ shall provide to Erytech at least [***] notice of such decision

so as to permit Erytech to assume control of the filing, prosecution and/or maintenance of such Erytech Patent Rights at its own cost and expense. Effective as of the time that Erytech assumes control of the filing, prosecution and/or maintenance of any such Erytech Patent Right, such Patent Right shall no longer be considered an Erytech Patent Right under this Agreement.

6.4 Patent Term Extensions. SQZ shall have the exclusive right, but not the obligation, to seek, in Erytech's name if so required, patent term extensions or supplemental patent protection in any country in the Territory in relation to the Erytech Patent Rights. Erytech and SQZ shall cooperate in connection with all such activities, and SQZ, its agents and attorneys will give due consideration to all suggestions and comments of Erytech regarding any such activities, but in the event of a disagreement between the Parties, SQZ will have final the final decision-making authority.

6.5 Enforcement.

(a) Each Party will promptly notify the other in the event of any actual, potential or suspected infringement of a patent under the Erytech Patent Rights by any Third Party. SQZ shall have the first right, but not the obligation, to institute litigation in connection therewith, and any such litigation shall be at SQZ's expense; provided that any recoveries resulting from such action relating to a claim of a Third Party infringement, after deducting SQZ's out-of-pocket expenses (including counsel fees and expenses) in pursuing such claim, will be deemed Net Sales. Erytech, upon request of SQZ, agrees to timely join in any such litigation, and in any event to reasonably cooperate with SQZ, at SQZ's cost and expense.

(b) If SQZ fails to bring an action with respect to, or to terminate, the Third Party infringement related to Erytech Patent Rights prior to the earlier of (i) [***] following the notice of alleged infringement; and (ii) [***] before the time limit, if any, set forth in the applicable Laws for the filing of such actions, then Erytech shall have the right, but not the obligation, to defend or institute litigation in connection therewith, at its sole cost and expense; provided that any recoveries resulting from such action relating to a claim of a Third Party infringement will be retained by Erytech. SQZ, upon request of Erytech, agrees to join in any such litigation, and in any event to reasonably cooperate with Erytech, at Erytech's cost and expense; provided that, SQZ will not have an obligation to join in any such litigation if SQZ is advised by counsel that joining the litigation would be detrimental to SQZ.

6.6 Paragraph IV Notices. If either Party receives a notice under 21 U.S.C. §355(b)(2)(A)(iv) or 355(j)(2)(A)(vii)(IV) ("Paragraph IV Notice") concerning an Erytech Patent Right, then it shall provide a copy of such notice to the other Party within [***] after its receipt thereof. Any infringement actions or other actions shall be governed by the terms of Section 6.5

6.7 Other Actions by a Third Party. Each party shall promptly notify the other in the event of any legal or administrative action by any Third Party involving an Erytech Patent Right of which it becomes aware, including any nullity, revocation, reexamination or compulsory license proceeding. SQZ shall have the first right, but no obligation, to defend against any such action involving an Erytech Patent Right, and any such defense shall be at SQZ's expense. Erytech, upon request of SQZ, agrees to join in any such action at SQZ's expense and in any event to cooperate

with SQZ at SQZ's expense. If SQZ fails to defend against any such action involving a Erytech Patent Right, then Erytech shall have the right to defend such action, in its own name, and any such defense shall be at Erytech's expense. SQZ, upon request of Erytech, shall reasonably cooperate with Erytech in any such action at Erytech's expense; provided that, SQZ will not have an obligation to join in any defense of such legal or administrative action by a Third Party if SQZ is advised by counsel that joining the litigation would be detrimental to SQZ.

ARTICLE 7
CONFIDENTIALITY; PUBLICATION

7.1 Non-Disclosure and Non-Use Obligations.

(a) Each Party agree that during the Term and for [***] after the Term, it will keep confidential, and will cause its Affiliates to keep confidential, all of the other Party's Confidential Information that is disclosed to it, or to any of its Affiliates. Each Party agree to take such action, and to cause its Affiliates to take such action, to preserve the confidentiality of the other Party's Confidential Information as it would customarily take to preserve the confidentiality of its own similar types of confidential information, but in no event less than a commercially reasonable standard of care.

(b) Each of SQZ, Erytech and their respective Affiliates agree (i) to use the other Party's Confidential Information only as expressly permitted in this Agreement or exercise its licenses or other rights under this Agreement and (ii) not to disclose the other Party's Confidential Information to any Third Parties under any circumstance without the prior consent of the other Party, except as expressly permitted in this Agreement. Confidential Information shall be disclosed only to employees and agents who have a need for such information and who are bound by obligations of nondisclosure and non-use at least as restrictive as those set forth herein. Each Party shall be responsible for any disclosure or use of the Confidential Information by such employees or agents. Each Party shall immediately notify the other Party of any intended, or unintended, unauthorized disclosure or use of any of the other Party's Confidential Information.

7.2 Exceptions. Confidential Information shall not include any information which:

(a) is now, or lawfully becomes, generally known or available to the public through no fault of the receiving Party;

(b) is known by the receiving Party at the time of receiving such information and is supported by a contemporaneous writing;

(c) is hereafter lawfully furnished to the receiving Party by a Third Party, as a matter of right and without restriction on disclosure; or

(d) is independently developed by the receiving Party without any breach of this Article 7 and is supported by a contemporaneous writing.

7.3 Permitted Disclosures.

(a) Notwithstanding anything to the contrary in this Section 7, SQZ may disclose Confidential Information of Erytech (i) to Governmental Authorities (a) to the extent desirable to obtain or maintain INDs or Regulatory Approvals for any Licensed Product, and (b) in order to respond to inquiries, requests or investigations relating to this Agreement; (ii) to outside consultants, contractors, advisory boards, managed care organizations, and non-clinical and clinical investigators, in each case to the extent desirable to develop, register or market any Licensed Product, in each case who are under an obligation of confidentiality with respect to such Confidential Information that is no less stringent than the terms of this Article 7; (iii) to any bona fide actual or prospective acquirers, underwriters, investors, lenders or other financing sources and any bona fide actual or prospective collaborators, licensors, sublicensees, licensees or strategic partners, and to employees, directors, agents, consultants and advisers of any such Third Party, in each case who are under an obligation of confidentiality with respect to such Confidential Information that is no less stringent than the terms of this Article 7 (but of duration customary in confidentiality agreements entered into for a similar purpose); (iv) in connection with filing or prosecuting Erytech Patent Rights or other intellectual property rights as permitted by this Agreement, (v) in connection with prosecuting or defending litigation as permitted by this Agreement, (vi) in connection with or included in scientific presentations and publications relating to Licensed Products, including abstracts, posters, journal articles and the like, and (vii) to the extent necessary or desirable in order to enforce its rights under this Agreement.

(b) Notwithstanding anything to the contrary in this Section 7, Erytech may disclose Confidential Information of SQZ to: (i) Governmental Authorities in order to respond to inquiries, requests or investigations relating to this Agreement and (ii) to the extent necessary or desirable in order to enforce its rights under this Agreement;

(c) As Erytech is a publicly listed company (Euronext Paris and Nasdaq), part of Erytech's Confidential Information disclosed herein may be considered inside information pursuant United States laws and/or Article 7 of Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (the "Market Abuse Regulation").

7.4 Publication. Erytech shall not, and shall cause, its Affiliate and its Affiliates' employees, consultants, contractors, licensees, and agents not to publish or present any information with respect to any Licensed Product without SQZ's prior written consent (which may be withheld in its sole and final discretion), except as may be required by Law or legal proceedings.

7.5 Publicity. The jointly agreed public announcement of the execution of this Agreement is set forth on Schedule 7.5 attached hereto and shall be promptly disseminated following the execution of this Agreement by Erytech. Except as set forth in Section 7.3(b), Erytech may not make any public statement (written or oral), including in analyst meetings, concerning the terms of, or events related to, this Agreement or concerning any licensed Product, except where such statement: (a) is required by Law or legal proceedings, (b) is required to be contained in Erytech financial statements prepared in accordance with generally acceptable accounting principles in the United States or the European Union, (c) has been announced previously in accordance with this Section 7.5, or (d) has been announced previously by SQZ, so long as, in the case of (c) or (d), such public statement is consistent with such previously announced statement. In the case of any public statement (written or oral) that is required by Law or legal proceedings, Erytech shall (i) use commercially reasonable efforts to obtain confidential treatment

of financial and trade secret information, and (ii) if reasonably practicable under the circumstances, give SQZ sufficient advance notice of the text so that SQZ will have the opportunity to comment upon the statement, and give due consideration to any such comments in the final statement. To the extent SQZ desires to make any public statement (written or oral), including in analyst meetings, concerning the terms of, or events related to, this Agreement or concerning any Licensed Product, except where such statement: (a) is required by Law or legal proceedings, (b) is required to be contained in SQZ financial statements prepared in accordance with generally acceptable accounting principles in the United States or the European Union, or (c) has been announced previously in accordance with this Section 7.5, SQZ shall, if reasonably practicable under the circumstances, give Erytech sufficient advance notice of the text so that Erytech will have the opportunity to comment upon the statement, and give due consideration to any such comments in the final statement.

7.6 Injunctive Relief. The Parties agree that any breach of this Article 7 may cause irreparable harm to the non-breaching Party entitling the non-breaching Party to injunctive or other preliminary relief in addition to all other legal remedies. Each Party further agrees that no bond or other security shall be required in obtaining such equitable relief.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES

8.1 Mutual Representations and Warranties. As of the Effective Date, Each Party hereby represents and warrants to the other Party as of the Effective Date as follows:

(a) Corporate Authority. Such Party (a) has the corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder and (b) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered by such Party and constitutes a legal, valid and binding obligation of such Party and is enforceable against it in accordance with its terms subject to the effects of bankruptcy, insolvency or other laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered in a proceeding at law or equity.

(b) Consents and Approvals. All necessary consents, approvals and authorizations of all Regulatory Authorities and other persons or entities required to be obtained by such Party in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained.

(c) Conflicts. The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not conflict with or violate any requirement of Applicable Law or any provision of the articles of incorporation or bylaws of such Party in any material way and (b) do not conflict with, violate or breach or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

8.2 Representations and Warranties of Erytech. Erytech hereby represents and warrants that, as of the Effective Date:

(a) Erytech is the sole owner of the Erytech Patent Rights, free and clear of any lien and Erytech has not granted the right to any Third Party to Exploit Licensed Products under the Erytech Intellectual Property. Erytech has not received any written notice alleging infringement, misappropriation, or other violation of any Third Party intellectual property right. However, Erytech is aware of a public statement, [***] attached to this as Schedule 8.2.

(b) There are no judgments or settlements against or owed by it or any of its Affiliates relating to the Erytech Intellectual Property.

(c) Schedule 1.16 contains a complete and correct list of all Patent Rights owned or Controlled by Erytech that claim a composition of matter or use of red blood cells containing Antigen for eliciting or attenuating an immune response.

(d) Neither Erytech nor any of its Affiliates or any of their respective employees, independent contractors, consultants, agents or officers: (i) has ever been debarred or is subject to debarment pursuant to Section 306 of the Federal Food, Drug and Cosmetic Act (FFDCA) or has ever been under indictment for a crime for which a person could be debarred under such Laws. Erytech shall inform SQZ in writing immediately if it or any such person or entity is debarred or is the subject of a conviction described in Section 306 or if any action, suit, claim, investigation or legal or administrative proceeding is pending or, to the best of Erytech's knowledge, is threatened, relating to the debarment or conviction of Erytech or any person or entity.

(e) Other than the Erytech Patent Rights, neither Erytech nor any Affiliate of Erytech owns or Controls any Patent Right that (i) is necessary or reasonably useful for the Exploitation of a product containing RBCs and one or multiple Antigen(s), or (ii) would be infringed by the Exploitation of a product containing RBCs and one or multiple Antigen(s).

8.3 SQZ Representations and Warranties. As of the Effective Date, SQZ hereby represents and warrants to Erytech as follows:

(a) Neither SQZ nor any of its Affiliates has been debarred or is subject to debarment and neither SQZ nor any of its Affiliates will use in any capacity, in connection with the activities to be performed under this Agreement, any person or entity who has been debarred pursuant to Section 306 of the FFDCA or who is the subject of a conviction described in such section. SQZ shall inform Erytech in writing immediately if it or any Person who is performing activities hereunder is debarred or is the subject of a conviction described in Section 306 or if any action, suit, claim, investigation or legal or administrative proceeding is pending or, to the best of SQZ's knowledge, is threatened, relating to the debarment or conviction of SQZ or any Person performing activities hereunder.

(b) There is no action, claim, demand, suit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry or investigation of any nature, civil, criminal, regulatory or

otherwise, in law or in equity, pending or, to the knowledge of SQZ, threatened against SQZ or any of its Affiliates relating to the transactions contemplated by this Agreement.

8.4 Disclaimer of Warranty. EXCEPT AS OTHERWISE EXPRESSLY STATED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATION OR WARRANTY OF ANY KIND AND EACH PARTY EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, ALL REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

8.5 Additional Covenants

(a) Erytech shall not (and shall cause its Affiliates not to) [***]. In addition, Erytech hereby covenants and agrees that Erytech shall not [***].

(b) Each of Erytech and SQZ shall conduct, and shall use reasonable efforts to cause its Affiliates to conduct, all its activities contemplated under this Agreement in accordance with all applicable Laws of the country in which such activities are conducted.

ARTICLE 9
INDEMNIFICATION

9.1 Indemnification by Erytech. Erytech will indemnify, defend and hold SQZ and SQZ's Affiliates, and their respective directors, officers and employees (collectively, "SQZ Indemnitees"), harmless from any and all Losses arising out of or resulting from any claims, suits, demands, proceedings or causes of action brought by a Third Party ("Third Party Claims") to the extent resulting from or arising out of (i) the breach of any covenant, warranty or representation made by Erytech under this Agreement; or (ii) the gross negligence, recklessness, or willful misconduct of Erytech or any of its Affiliates; provided that, in each case, Erytech shall only be obligated to so indemnify, defend and hold the SQZ Indemnitees harmless to the extent that such Losses or Third Party Claims do not arise from (i) the breach of any covenant, warranty or representation made by SQZ under this Agreement; or (ii) the gross negligence, recklessness, or willful misconduct of SQZ or any of its Affiliates.

9.2 Indemnification by SQZ. SQZ will indemnify, defend and hold Erytech and Erytech's Affiliates, and their respective directors, officers and employees (collectively, "Erytech Indemnitees"), harmless from any and all Losses arising out of or resulting from Third Party Claims to the extent resulting from or arising out of: (i) the breach of any covenant, warranty or representation made by SQZ under this Agreement; (ii) the gross negligence, recklessness, or

willful misconduct of SQZ or any of its Affiliates; or (iii) any acts or omissions of SQZ or any of its Affiliates in connection with the Exploitation of Licensed Products during the Term; provided that, in each case, SQZ shall only be obligated to so indemnify, defend and hold the Erytech Indemnitees harmless to the extent that such Losses or Third Party Claims do not arise from (i) the breach of any covenant, warranty or representation made by Erytech under this Agreement; or (ii) the gross negligence, recklessness, or willful misconduct of Erytech or any of its Affiliates.

9.3 Indemnification Procedures. The Party claiming indemnity under this Article 9 (the "Indemnified Party") shall provide written notice to the Party from whom indemnity is being sought (the "Indemnifying Party") promptly after learning of the Third Party Claim for which indemnity is being sought; *provided*, *however*, that any failure or delay to notify shall not excuse any obligation of the Indemnifying Party except to the extent the Indemnifying Party is actually prejudiced thereby. The Indemnified Party shall provide the Indemnifying Party with reasonable assistance, at the Indemnifying Party's expense, in connection with the defense of the Third Party Claim for which indemnity is being sought. The Indemnified Party may participate in and monitor such defense with counsel of its own choosing at its sole expense; provided, however, the Indemnifying Party shall have the right to assume and conduct the defense of the Third Party Claim with counsel of its choice. The Indemnifying Party shall not settle any Third Party Claim without the prior written consent of the Indemnified Party, not to be unreasonably withheld, unless the settlement involves only the payment of money in which case no such consent is required. So long as the Indemnifying Party is actively defending the Third Party Claim in good faith, the Indemnified Party shall not settle or compromise any such Third Party Claim without the prior written consent of the Indemnifying Party. If the Indemnifying Party does not assume and conduct the defense of the Third Party Claim as provided above, (a) the Indemnified Party may defend against, consent to the entry of any judgment, or enter into any settlement with respect to such Third Party Claim in any manner the Indemnified Party may deem reasonably appropriate (and the Indemnified Party need not consult with, or obtain any consent from, the Indemnifying Party in connection therewith), and (b) the Indemnifying Party shall remain responsible to indemnify the Indemnified Party as provided in this Article 9.

9.4 Disclaimer of Liability for Consequential Damages. IN NO EVENT SHALL ANY PARTY OR ANY OF ITS RESPECTIVE AFFILIATES BE LIABLE UNDER THIS AGREEMENT FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHETHER IN CONTRACT, WARRANTY, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, INCLUDING LOSS OF PROFITS OR REVENUE SUFFERED BY SQZ, ERYTECH OR ANY OF THEIR RESPECTIVE REPRESENTATIVES. NOTHING IN THIS SECTION 9.4 IS INTENDED TO LIMIT OR RESTRICT A PARTY'S INDEMNIFICATION RIGHTS OR OBLIGATIONS UNDER SECTIONS 9.1 OR 9.2 WITH RESPECT TO DAMAGES REQUIRED TO BE PAID TO A THIRD PARTY PURSUANT TO A NON-APPEALABLE ORDER OF A COURT OF COMPETENT JURISDICTION IN CONNECTION WITH A THIRD PARTY CLAIM FOR WHICH THE INDEMNIFIED PARTY IS ENTITLED TO INDEMNIFICATION HEREUNDER OR LIABILITY FOR A PARTY'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS IN SECTION 7 OR A PARTY'S FRAUD.

ARTICLE 10
TERM AND TERMINATION

10.1 Term. This Agreement shall be effective as of the Effective Date and shall, unless earlier terminated in accordance with Section 10.2, remain in effect until the expiration of the last-to-expire Royalty Term ("Term").

10.2 Termination Rights. This Agreement may be terminated as follows:

(a) Material Breach. If either SQZ or Erytech materially breaches or materially defaults in the performance or observance of any of its respective obligations under this Agreement, and such breach or default is not cured within [***] after the giving of written notice by the other Party specifying such breach or default, then such other Party shall have the right to terminate this Agreement by providing the breaching Party written notice within [***] following the expiration of such [***] period (such termination to be effective upon receipt of such termination notice).

(b) Termination by Erytech. In the event that SQZ or any of its Affiliates anywhere in the Territory, institutes, prosecutes or otherwise participates in (or in any way aids any Third Party in instituting, prosecuting or participating in), at law or in equity or before any administrative or regulatory body, including the U.S. Patent and Trademark Office or its foreign counterparts, any claim, demand, action or cause of action for declaratory relief; including any interference, re-examination, opposition or any similar proceeding alleging that any claim in an Erytech Patent Right is invalid or unenforceable with respect to a Licensed Product (collectively, "Challenge Action"), Erytech may terminate this Agreement immediately upon [***] written notice to SQZ provided that such termination shall not become effective if SQZ withdraws such Challenge Action within such [***] period; provided, however, that nothing contained herein shall prohibit SQZ or any of its Affiliates from either (i) asserting any and all defenses available to it, including assertions relating to the validity or enforceability of the Erytech Patent Rights, in any suit or proceeding brought against them alleging the infringement of any of the Erytech Patent Rights (including either in response to a suit instituted by Erytech or in a declaratory judgment action), or (ii) asserting any and all defenses, evidence and arguments, including lack of patentability of the subject matter of a count or claim and lack of support for a count or claim, in any interference involving the Patent Right set forth on Schedule 10.2(b) and a patent or patent application included within the definition of the Erytech Patent Rights, and none of any of the foregoing shall be considered a Challenge Action entitling Erytech to terminate this Agreement. SQZ will include provisions in all agreements granting sublicenses of SQZ's rights hereunder providing that if the sublicensee or its Affiliates undertake a Challenge Action with respect to any Erytech Patent Right under which the sublicensee is sublicensed, SQZ will be permitted to terminate such sublicense agreement. If a sublicensee of SQZ (or an Affiliate of such sublicensee) undertakes a Challenge Action of any such Erytech Patent Right under which such sublicensee is sublicensed, then SQZ upon receipt of notice from Erytech of such Challenge Action will terminate the applicable sublicense agreement. If SQZ fails to so terminate such sublicense agreement, Erytech may terminate the present Agreement.

(c) Insolvency. If either Party is generally unable to meet its debts when due, or makes a general assignment for the benefit of its creditors, or there shall have been appointed a

receiver, trustee or other custodian for such Party for or a substantial part of its assets, or any case or proceeding shall have been commenced or other action taken by or against such Party in bankruptcy or seeking the reorganization, liquidation, dissolution or winding-up of such Party or any other relief under any bankruptcy, insolvency, reorganization or other similar act or Law, and any such event shall have continued for [***] undismissed, unstayed, unbonded and undischarged, then the other Party may, upon notice to such Party, terminate this Agreement, such termination to be effective upon such Patty's receipt of such notice.

(d) Convenience. At any time and for any reason, SQZ, upon [***] written notice to Erytech, shall have the right, at SQZ's sole discretion, to terminate this Agreement, in whole or on a country-by-country basis, such termination to be effective upon the expiration of such [***] period.

10.3 Accrued Obligations. Termination or expiration of this Agreement for any reason shall not release either Party from any liability or obligation that already has accrued prior to such expiration or termination, nor affect the survival of any provision hereof to the extent it is expressly stated to survive such termination. Termination or expiration of this Agreement for any reason shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, that a Party may have hereunder or that may arise out of or in connection with such termination or expiration.

10.4 Effect of Termination. Upon any termination of this Agreement the following shall apply:

(a) all rights and licenses granted by a Party shall immediately terminate; and

(b) each Party will promptly return to the other Party (or as directed by such other Party destroy and certify to such other Party in writing as to such destruction) all of such other Party's Confidential Information that are in such Party's (or its Affiliates') possession or control, save that such Party will have the right to retain (i) one (1) copy of intangible Confidential Information of such other Party for legal purposes, and (ii) any of the foregoing that such Party retains any license or other right hereunder; provided that the receiving Party shall not be required to destroy any computer files created during automatic system back-ups that are subsequently stored securely.

10.5 Survival. The provisions of Sections 2.3, 5.4 (for the period of time set forth therein) 5.5, 8.4, 10.3, 10.4, 10.5 and 10.6 and ARTICLE 7, ARTICLE 9 and ARTICLE 11, as well as any other Sections or defined terms referred to in such Sections or necessary to give them effect shall survive termination or expiration of this Agreement and remain in force until discharged in full. Furthermore, any other provisions required to interpret and enforce the parties' rights and obligations or to wind up their outstanding obligations under this Agreement shall survive to the extent required.

10.6 Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by Erytech are, and shall otherwise be deemed to be, for purposes of Article 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Article 101 of the U.S. Bankruptcy Code. The Parties agree that SQZ, as licensee of such rights under this

Agreement, shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code. The Parties further agree that, in the event of the commencement of any proceeding by or against Erytech under the U.S. Bankruptcy Code, SQZ shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and, if not already in its possession, Erytech shall promptly deliver to SQZ all such intellectual property and all embodiments of such intellectual property (a) upon SQZ's request any time following commencement of any such proceeding, unless Erytech elects to continue to perform all of its obligations under this Agreement or (b) if not delivered under (a) above, upon SQZ's request any time following the rejection of this Agreement by or on behalf of Erytech.

ARTICLE 11
MISCELLANEOUS

11.1 Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Delaware, without regard to conflicts of law principles.

11.2 Dispute Resolution.

(a) In the event of any dispute, controversy or claim arising out of or relating to this Agreement, the Parties shall first attempt to resolve such controversy or claim through good faith negotiations for a period of not less than [***] following notification of such dispute, controversy or claim to the other Party. Any Party shall have the right to commence arbitration at time after the expiration of [***] following notification of such dispute, controversy or claim to the other Party.

(b) Any dispute, controversy or claim arising out of or relating to this Agreement that is not resolved pursuant to Section 11.2(a) within the [***] period specified above, shall be submitted for final resolution by binding arbitration administered by the International Centre for Dispute Resolution (the "ICDR") in accordance with its International Arbitration Rules in effect at the time of the arbitration, except as may be modified herein (the "ICDR Rules"). The arbitration shall be conducted by a tribunal comprised of three arbitrators. Each Party shall select one arbitrator and the two Party-selected arbitrators shall select the third arbitrator, who shall act as chair of the tribunal, within [***] of the second arbitrator's appointment. If any of the three arbitrators are not selected within the time prescribed above, the ICDR shall appoint the arbitrator(s). The seat, or legal place, of arbitration shall be Boston, Massachusetts. The arbitration award shall be final and binding on the Parties, and the Parties undertake to carry out any award without delay. Any judgment upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The arbitrators shall have the authority to grant any equitable and legal remedies that would be available.

(c) The Parties shall share equally the fees and expenses of the arbitrators and the ICDR administrative fees during the pendency of the arbitration. Each Party shall bear all other costs and expenses incurred by it in the arbitration, including its attorneys' fees; provided, however, that the arbitrators shall have the discretion to grant to the prevailing Party in any arbitration an award of attorneys' fees and costs, and all other costs of arbitration, including the arbitrators' fees and expenses and the ICDR's administrative fees.

(d) The Parties shall be entitled to conduct limited discovery , including written requests for the production of documents.. For any claim submitted to arbitration, the burden of proof shall be as it would be if the claim were litigated in a judicial proceeding. Upon the conclusion of any arbitration proceeding hereunder, the arbitrators shall render findings of fact and conclusions of law and a written opinion setting forth the basis and reasons for any decision reached and shall deliver such documents to each Party to this Agreement along with a copy of the award signed by a majority of the arbitrators.

(e) The arbitrators chosen in accordance with these provisions shall not have the power to alter, amend or otherwise affect the terms of these arbitration provisions or the provisions of this Agreement.

(f) The Parties acknowledge that, except as specifically provided in this Agreement, no other action need be taken by either Party before proceeding directly in accordance with the provisions of this Section 11.2.

(g) The arbitration provisions set forth in this Section 11.2 are intended by the Parties to be exclusive for all purposes and applicable to each and every controversy, dispute and/or claim in any manner arising out of or relating to this Agreement, the meaning, application and/or interpretation of this Agreement, any breach hereof and/or any voluntary or involuntary termination of this Agreement with or without cause, including the determination of the scope or applicability of this agreement to arbitrate, and any such controversy, dispute and/or claim which, if pursued through any state or federal court or administrative agency, would arise at law, in equity and/or pursuant to statutory, regulatory and/or common law rules, regardless of whether any such dispute, controversy and/or claim would arise in and/or from contract, tort or any other legal and/or equitable theory or basis. Notwithstanding the foregoing, the Parties shall at all times have and retain the full, complete and unrestricted right to apply to any court of competent jurisdiction for injunctive relief for any breach or threatened breach of any term, provision or covenant of this Agreement. The prevailing Party in any ancillary action commenced in connection with the arbitration or any resulting arbitral award, including actions seeking injunctive relief or to confirm, vacate or enforce the arbitral award,, shall be entitled to recover from the other Party its reasonable attorneys' fees and other expenses incurred in such litigation.

(h) The Parties agree that the existence and contents of any arbitration, including any non-public information provided in the arbitration, and submissions, orders or awards made in the arbitration, shall be kept confidential and shall not be disclosed extent to the extent disclosure may be necessary for the conduct of the arbitration, to fulfill a legal duty, to protect or pursue a legal right, or to enforce or challenge an award.

11.3 Force Majeure. Neither Party hereto shall be liable to the other party for any losses or damages attributable to a default in or breach of this Agreement that is the result of war (whether declared or undeclared), acts of God, revolution, acts of terror, fire, earthquake, flood, pestilence, riot, enactment or change of Law (following the Effective Date), accident(s), labor trouble, or shortage of or inability to obtain material equipment or transport or any other cause beyond the reasonable control of such Party; provided that if such a cause occurs, then the party affected will promptly notify the other Party of the nature and likely result and duration (if known) of such cause

and use commercially reasonable efforts to reduce the effect. If the event lasts for a period of longer than [***], the Parties shall meet and discuss appropriate remedial measures.

11.4 Severability. If and solely to the extent that any provision of this Agreement shall be invalid or unenforceable, or shall render this entire Agreement to be unenforceable or invalid, such offending provision shall be of no effect and shall not affect the validity of the remainder of this Agreement or any of its provisions; provided, however, the Parties shall use their respective reasonable efforts to replace the invalid provisions in a manner that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

11.5 Waivers. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party or Parties waiving such term or condition. The rights and remedies of the Parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege.

11.6 Entire Agreements; Amendments; Language. This Agreement sets forth the entire agreement and understanding between the Parties as to the subject matter hereof and supersedes all agreements or understandings, verbal or written, made between Erytech and SQZ before the date hereof with respect to the subject matter hereof. None of the terms of this Agreement shall be amended, supplemented or modified except in writing signed by the Parties. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding on the Parties.

11.7 Assignment. Neither this Agreement nor any rights or obligations of either Party to this Agreement may be assigned or otherwise transferred by either Party without the consent of the other Party; provided, however, either Party may, without such consent, assign this Agreement, in whole or in part: (i) to any of its respective Affiliates; provided that such assigning Party shall remain jointly and severally liable with such Affiliate in respect of all obligations so assigned; or (ii) to a Third Party in connection with the transfer, sale, or other disposition of all or substantially all of the assets of the assigning Party to which this Agreement relates, whether by merger, sale of stock, sale of assets, or otherwise. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective Affiliates, and their respective permitted successors, assigns and personal representatives. Any purported assignment in violation of this Section 11.7 shall be void.

11.8 Independent Contractors. The relationship between Erytech and SQZ is that of independent contractors. Erytech and SQZ are not joint venturers, partners, principal and agent, employer and employee, and have no other relationship other than independent contracting parties.

11.9 Notices. Each communication and document made or delivered by one Party to another under this Agreement shall be made in the English language. All notices, consents, approvals, requests or other communications required hereunder given by one Party to the other

hereunder shall be in writing and made by registered or certified air mail, express overnight courier or delivered personally to the following addresses of the respective Parties:

If to Erytech: Erytech

Attention: Chief Business Officer, Jean Sebastien Cleiftie

with a copy to:

Attention: Head of Finance, Frederic Mathat

If to SQZ: SQZ Biotechnologies Company
134 Coolidge Avenue
Watertown, MA 02472
Attention: Head of BD, Jonathan Gilbert

with a copy to:

SQZ Biotechnologies Company
134 Coolidge Avenue
Watertown, MA 02472
Attention: Head of Finance, Alex Balcon

Notices hereunder shall be deemed to be effective (a) upon receipt if personally delivered, (b) on the tenth (10th) Business Day following the date of mailing if sent by registered or certified air mail; (c) on actual receipt if given by overnight courier. A Party may change its address listed above by sending notice to the other Party in accordance with this Section 11.9.

11.10 Third Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any Third Party, including any creditor of either Party, except as expressly provided in this Agreement. Other than permitted assigns, no Third Party shall obtain any right under any provision of this Agreement or shall by reason of any such provision make any claim in respect of any debt, liability or obligation (or otherwise) against either Party.

11.11 Counterparts. This Agreement may be executed in any two or more counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same document. This Agreement and any other document executed in connection herewith may be delivered by facsimile or PDF signature and documents delivered in such manner shall be binding as though an original thereof had been delivered.

11.12 Further Assurances. The Parties agree: (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents and (c) to do such other acts and things, all as the other Party may reasonably request for the purpose of

carrying out the intent of this Agreement and the documents referred to in this Agreement, excluding any payment of monies that are not due and payable.

11.13 Headings. Headings in this Agreement are included herein for ease of reference only and shall have no legal effect. References to the parties, Sections, Schedules, and Exhibits are to the parties, Sections, Schedules and Exhibits to and of this Agreement unless otherwise specified.

11.14 Construction. Except where expressly stated otherwise in this Agreement, the following rules of interpretation apply to this Agreement: (i) “include”, “includes” and “including” are not limiting and mean include, includes and including, without limitation; (ii) definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms; (iii) references to an agreement, statute or instrument mean such agreement, statute or instrument as from time to time amended, modified or supplemented; (iv) references to a person are also to its permitted successors and assigns; (v) references to an “Article”, “Section”, “Exhibit” or “Schedule” refer to an Article or Section of, or any Exhibit or Schedule to, this Agreement unless otherwise indicated; (vi) the word “will” shall be construed to have the same meaning and effect as the word “shall”; and (vii) the word “any” shall mean “any and all” unless otherwise indicated by context.

CERTAIN INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED. [***] HAD BEEN INSERTED IN THE TEXT BELOW TO IDENTIFY WHERE INFORMATION HAS BEEN REDACTED. SCHEDULES HAVE BEEN OMITTED PURSUANT TO ITEM 601(A)(5) OF REGULATION S-K AND WILL BE FURNISHED ON A SUPPLEMENTAL BASIS TO THE SECURITIES AND EXCHANGE COMMISSION UPON REQUEST

Confidential **Execution Copy**

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be executed by their duly authorized officers upon the Effective Date.

ERYTECH PHARMA	**SQZ BIOTECHNOLOGIES COMPANY**
By: /s/Gil Beyen	By: /s/Armon Sharei
Name: Gil Beyen	Name: Armon Sharei
Title: CEO	Title: CEO

Signature Page to License Agreement

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is effective as of April 1, 2019 (the "Effective Date") by and between **ERYTECH Pharma, Inc.,** (the "Company"), and **Gil Beyen** ("Executive") (collectively referred to as the "Parties" or individually referred to as a "Party.").

R E C I T A L S

WHEREAS, Executive currently serves as Chief Executive Officer and a member of the Board of Directors of ERYTECH Pharma S.A. (the "Parent"), of which the Company is a wholly owned subsidiary and Executive serves as President of the Company; WHEREAS, the Company desires to continue to employ Executive as its President, and for so long as he will be the Chief Executive Officer of Parent, and to enter into an agreement embodying the terms of such employment with the Company; and WHEREAS, Executive desires to accept such continued employment and enter into such an agreement.

A G R E E M E N T

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the Parties agree as follows:

1. Duties and Scope of Employment.

(a) Positions and Duties. As of the Effective Date, Executive will serve as **President** of the Company, in addition to his role as Chief Executive Officer and a member of the Board of Directors of the Parent. Executive will render such business and professional services in the performance of Executive's duties, consistent with Executive's position within the Company, as shall reasonably be assigned to Executive by the Board of Directors of the Parent (the "Board").

(b) The period of Executive's at-will employment under the terms of this Agreement is referred to herein as the "Employment Term."

(c) Obligations. During the Employment Term, Executive will perform Executive's duties faithfully and to the best of Executive's ability and will devote Executive's full business efforts and time to the Company and its Parent (together "the Group"). For the duration of the Employment Term, with the express exception of employment with the Parent, Executive agrees not to actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior approval of the Board. For the purposes of clarity, the following activities of the Executive which were disclosed in the Parent's 2018 Document de Référence 2018, including its 2018 Annual Financial Report, are considered approved by the Board: manager (gérant) of Gil Beyen BVBA; manager (gérant) of AXXIS V&C BVBA; a member of the board of directors of Novadip Biosciences S.A.; and a member of the board of directors of Waterleau Group NV.

(d) Location. Unless otherwise approved by the Board, the Executive shall perform services in accordance with the Group's business needs between the Company's offices in the greater Boston, Massachusetts (USA) area and the Parent's offices in Lyon, France. Unless otherwise approved by the Board, Executive will spend approximately 70% of his working time present at Company's offices in the greater Boston, Massachusetts (USA) area and will spend approximately 30% of his working time present at the

Parent's offices in Lyon, France, provided, however, that the Company may from time to time require the Executive to travel temporarily to other locations (domestic and international) in connection with the Company's business.

(e) Contingent Matters. Employee's employment is contingent upon certain criteria that need to be addressed prior to or immediately following Employee's actual effective date employment with the Company. While some of these matters may have already been addressed, the contingency items include:

i. Completion of the Form I-9 and copies of all required documentation to be delivered on your actual effective date of employment.
ii. Completion of all necessary new employee hire documentation, including but not limited to employee application and appropriate wage tax forms (i.e., Form W-4).
iii. Compliance with requirements of the United States Citizenship and Immigration Services, the United States Department of Labor, and any other federal and other state governmental agency.
iv. Executing and delivering to the Company a signed copy of the Employee Confidential Information and Invention Assignment Agreement attached hereto as Exhibit A.

2. At-Will Employment. Subject to Sections 7, 8, and 9 below, **t**he parties agree that Executive's employment with the Company will be "at-will" employment and may be terminated at any time with or without cause or notice, for any reason or no reason. Executive understands and agrees that neither Executive's job performance nor promotions, commendations, bonuses or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of Executive's employment with the Company.

3. Compensation.

(a) Base Salary. During the Employment Term, the Company will pay Executive as compensation for Executive's services a base salary at a rate of $28,441.33 per month, as modified from time to time at the discretion of the Board (the "Base Salary"). The Base Salary will be paid in regular installments in accordance with the Company's normal payroll practices (subject to required withholding). Any increase or decrease in Base Salary (together with the then existing Base Salary) shall serve as the "Base Salary" for future employment under this Agreement. The first and last payment will be adjusted, if necessary, to reflect a commencement or termination date other than the first or last working day of a pay period.

(b) Annual Bonus. Executive will also be eligible to earn an annual discretionary bonus with a target amount equal to 50% of the Base Salary. The amount of this bonus, if any, that Executive earns will be determined in the sole discretion of the Board and based on performance objectives established by the Board. If Executive's services cease during the year other than for Cause, Executive will be eligible to receive a bonus for such year, based on the extent to which the performance objectives for such year are met, as determined in the sole discretion of the Board, and pro-rated for the period of the year in which Executive remained employed as President of the Company. No bonus is guaranteed for any year, including a year in which Executive's services cease, and no bonus is earned or vested unless and until it is paid. The Company will pay Executive the bonus, if any, for a calendar year on or before July 15th of the following calendar year, subject to the approval at the next annual general meeting of shareholders of the Parent following the determination of achievement of the bonus. The bonus will be paid in one lump sum cash payment or in such other form as approved by the Board and agreed to by Executive.

(c) Relocation and Temporary Living Reimbursement. During the Employment Term, the Company will reimburse Executive for: (i) reasonable moving expenses incurred by Executive and Executive's family during their relocation from France to the Boston, Massachusetts (USA) area, and (ii) reasonable temporary housing, travel and related expenses to be mutually agreed to by the Company and Executive. The total of all such reimbursements provided to Executive under this Section 3(c) shall not exceed €35.000 (or such equivalent amount in U.S. dollars as calculated by the Company) and must be incurred on or before September 30, 2019. Reimbursements paid by the Company will be considered taxable income to Executive to the extent required by applicable law. Any reimbursements will be paid to Executive within thirty (30) days after the date Executive submits receipts for the expenses, provided Executive submits those receipts within forty-five (45) days after incurring the expense, and are subject to the provisions of Section 25 of this Agreement.

4. Employee Benefits. During the Employment Term, Executive will be eligible to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company, including, without limitation, the Company's group medical, dental, vision, disability, life insurance, flexible-spending account plans and 401(k) plan. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time, provided that, subject to applicable laws and regulations, the Company shall provide Executive with participation in a 401(k) plan with a 3% matching Company contribution, and shall pay a portion of Executive's insurance premiums at levels approved by the Board.

5. Business Expenses. During the Employment Term, the Company will reimburse Executive for reasonable business travel, entertainment or other business expenses incurred by Executive in the furtherance of or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time and Section 25 of this Agreement.

6. Termination on Death or Disability.

(a) Effectiveness. Executive's employment will terminate automatically upon Executive's Death or, upon fourteen (14) days prior written notice from the Company, in the event of Disability.

(b) Effect of Termination. Upon any termination for death or Disability, Executive shall be entitled to: (i) Executive's Base Salary through the effective date of termination; (ii) the right to continue health insurance coverage under the Company's group health plans under the Consolidated Omnibus Budget Reconciliation Act of 1985 or the state equivalent ("COBRA"), at Executive's cost, to the extent required and available by law; (iii) reimbursement of expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which Executive has not yet been reimbursed (such amount in (i) through (iii), the "Accrued Benefits") and no other severance or benefits of any kind, unless required by law or pursuant to any other written Company plans or policies, as then in effect.

7. Termination for Cause; Resignation.

(a) Effectiveness. Notwithstanding any other provision of this Agreement, the Company may terminate Executive's employment at any time for Cause or Executive may resign from Executive's employment with the Company at any time with or without Good Reason. Termination for Cause or Executive's resignation without Good Reason shall be effective on the date either Party gives notice to the other Party of such termination in accordance with this Agreement unless otherwise agreed by the Parties. Executive's resignation for Good Reason shall be effective upon the date of Executive's timely resignation following expiration of the Cure Period, pursuant to Section 10(d) below, unless otherwise agreed by the Parties. In the event that the Company accelerates the effective date of a resignation, such acceleration shall not

be construed as a termination of Executive's employment by the Company or deemed Good Reason for such resignation.

(b) Effect of Termination. In the case of the Company's termination of Executive's employment for Cause, or Executive's resignation with or without Good Reason (other than Executive's resignation for Good Reason in connection with a Change in Control as described in Section 9(b)), Executive shall be entitled to receive the Accrued Benefits, and no other severance or benefits of any kind, unless required by law or pursuant to any other written Company plans or policies, as then in effect.

8. Involuntary Termination Without Cause; Termination in Connection with Change of Control.

(a) Effect of Termination without Cause. The Company shall be entitled to terminate Executive without Cause at any time. If Executive is terminated by the Company without Cause (excluding any termination due to death or Disability), then, subject to the requirements of Section 9(d) and the limitations of Sections 25 below, Executive shall be entitled to receive: (A) the Accrued Benefits; (B) a lump sum severance payment equal to twelve (12) times Executive's Average Monthly Compensation, contingent on the Performance Conditions being met as described below in Section 9(c) (the "Severance Payment"); (C) any pro-rated Annual Bonus as approved by the Board, subject to the limitations of Section 3(b). Other than as specified in this Section 9(a), no other severance or benefits of any kind, unless required by law or pursuant to any written Company plans or policies, as then in effect. "Average Monthly Compensation" means the total Base Salary paid to Executive during the twelve (12) months prior to termination plus the bonus(es), if any, paid to Executive for the last annual period ending prior to the termination date, divided by twelve (12). The Severance Payment shall be paid in a lump sum cash payment as soon as practicable following the effectiveness of the Release and the Board's certification of the achievement of the Performance Conditions, but in no event later than March 15 of the calendar year following the calendar year in which Executive's termination occurred.

(b) Effect of Termination in Connection with a Change in Control. If Executive is either (1) terminated by the Company (or its successor or parent entity) without Cause (excluding any termination due to death or Disability) or (2) resigns for Good Reason, and in either case of (1) or (2), that occurs upon or within twelve (12) months following a Change of Control (as defined below), then, subject to the requirements of Section 9(d) and limitations of Section 25 below, Executive shall be entitled to receive the same benefits set forth in Section 9(a) above. For avoidance of doubt, in no event shall Executive receive benefits under both Section 9(a) and Section 9(b).

(c) Any Severance Payment contemplated by Section 9(a) or 9(b) above is conditional on both of the following (the "Performance Conditions"):

(i) the Company's spending and/or cash burn is within the budget forecasted and allocated by the Board;

(ii) at least one of the following conditions is satisfied: (x) the Company or the Parent has at least one collaboration or license agreement in progress; or (y) the Company or the Parent has at least one product in the active clinical development phase.

Whether the Performance Conditions are achieved shall be determined in the sole discretion of the Board (or authorized committee thereof) and measured as of the date of Executive's termination.

(d) Release. Any Severance Payment is conditioned on Executive: (x) continuing to comply with the terms of this Agreement and the Employee Confidential Information And Invention Assignment Agreement with the Company and any similar agreement with the Parent; and (y) signing and not revoking a separation agreement and release of known and unknown claims in the form provided by the Company (including nondisparagement and no cooperation provisions) (the "Release") and provided that such Release

becomes effective and irrevocable no later than sixty (60) days following the termination date or such earlier date required by the release (such deadline, the "Release Deadline"). If the Release does not become effective by the Release Deadline, Executive will forfeit any rights to severance or benefits under this Section 9 or elsewhere in this Agreement, with the express exception of any Accrued Benefits which shall not be forfeited. Notwithstanding the foregoing, this Section 9(d) shall not limit Executive's ability to obtain expense reimbursements under Section 6 or any other compensation or benefits otherwise required by law or in accordance with written Company plans or policies, as then in effect.

9. Definitions.

(a) Cause. For purposes of this Agreement, "Cause" shall mean: (i) Executive's continued failure to substantially perform the material duties and obligations under this Agreement (for reasons other than death or Disability), which failure, if curable within the discretion of the Board, is not cured to the reasonable satisfaction of the Board within thirty (30) days after receipt of written notice from the Board of such failure; (ii) the Executive's willful misconduct or gross negligence in the performance of Executive's obligations under this Agreement; (iii) Executive's failure or refusal to comply with the policies, standards and regulations established by the Company or Parent from time to time which failure, if curable in the discretion of the Board, is not cured to the reasonable satisfaction of the Board within thirty (30) days after receipt of written notice of such failure from the Board; (iv) any act of personal dishonesty, fraud, embezzlement, misrepresentation, or other unlawful act committed by Executive that benefits Executive at the expense of the Company and/or Parent; (v) the Executive's violation of a state, federal or international law or regulation applicable to the Group's business; (vi) the Executive's violation of, or a plea of nolo contendre or guilty to, a felony under the laws of France, the United States or any U.S. state or any applicable foreign country; (vii) the Executive's material breach of the terms of this Agreement or the Confidential Information Agreement (defined below); (viii) the Executive's inability to comply with requirements of the United States Citizenship and Immigration Services; or (ix) the severe financial distress of Company or Parent, whereby either the Parent or Company is in the process of winding down its business and Executive's employment is terminated in connection with such winding down.

(b) Change of Control. For purposes of this Agreement, "Change of Control" shall mean: (i) a change in the ownership of the Parent which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Parent that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Parent, except that any change in the ownership of the stock of the Parent as a result of a private financing of the Parent that is approved by the Board will not be considered a Change of Control; or (ii) a change in the ownership of a substantial portion of the Parent's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Parent immediately prior to such acquisition or acquisitions. For purposes of this subsection (ii), gross fair market value means the value of the assets of the Parent, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. For purposes of this Section 10(b), persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Parent. Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(c) Disability. For purposes of this Agreement, Executive shall be deemed to have a "Disability" if Executive has a disability that qualifies the Executive for benefits under the Company's disability policies,

and, in the absence of such policies, Executive shall be deemed to have a "Disability" if a medical doctor (selected by the mutual consent of Executive and the Company) certifies that Executive has for one hundred twenty (120) consecutive days or one hundred eighty (180) non-consecutive days in any twelve (12) month period been disabled in a manner which has rendered Executive unable to perform the essential functions of Executive's job duties with or without reasonable accommodation. Executive will cooperate in submitting to a medical examination for the purpose of certifying disability under this Section 9(c) if requested by the Company. Company will consider making reasonable accommodations to Executive's disability in accordance with applicable laws where required; nothing in this Agreement is intended to violate or supersede the definitions and/or requirements of the Americans with Disabilities Act.

(d) Good Reason. For purposes of this Agreement, "Good Reason" for Executive's resignation means that one or more of the following are undertaken by the Company or its acquirer or by one of its subsidiaries, as applicable (the "Post-CIC Company") without Executive's express written consent: (i) a material reduction in Executive's Base Salary from the Base Salary in effect prior to the Change in Control; or (ii) a material reduction in Executive's responsibilities; provided that in each case of (i) or (ii), in order for Executive's resignation to be deemed to have been for Good Reason, Executive must first give the Post-CIC Company written notice of the action or omission giving rise to "Good Reason" within 30 days after the first occurrence thereof; the Post-CIC Company must fail to reasonably cure such action or omission within 30 days after receipt of such notice (the "Cure Period"), and the Executive's resignation must be effective not later than 60 days after the expiration of such Cure Period.

10. Company Matters.

(a) Proprietary Information and Inventions. In connection with Executive's employment with the Company, Executive will receive and have access to Company confidential information and trade secrets. Accordingly, enclosed with this Agreement is an Employee Confidential Information and Inventions Assignment Agreement (the "Confidential Information Agreement") which contains restrictive covenants and prohibits unauthorized use or disclosure of the Company's confidential information and trade secrets, among other obligations. Executive agrees to review the Confidential Information Agreement and only sign it after careful consideration.

(b) Ventures. If, during Executive's employment, Executive is engaged in or associated with planning or implementing of any project, program or venture involving the Company and any third parties, all rights in such project, program or venture shall belong to the Company (or third party, to the extent provided in any agreement between the Company and the third party). Except as approved by the Board in writing, Executive shall not be entitled to any interest in such project, program or venture or to any commission, finder's fee or other compensation in connection therewith other than the salary or other compensation to be paid to Executive as provided in this Agreement.

(c) Resignation on Termination. On termination of Executive's employment, regardless of the reason for such termination, Executive shall immediately (and with contemporaneous effect) resign any directorships, offices or other positions that Executive may hold in the Group or any affiliate, unless otherwise agreed in writing by the Parties.

(d) Notification of New Employer. In the event that Executive leaves the employ of the Company, Executive grants consent to notification by the Company to Executive's new employer about Executive's rights and obligations under this Agreement and the Confidential Information Agreement.

11. Arbitration. To ensure the timely and economical resolution of disputes that may arise in connection with Executive's employment with the Company, Executive and the Company agree that any and all

disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this Agreement, Confidential Information Agreement, or Executive's employment, or the termination of Executive's employment, including but not limited to all statutory claims, will be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. §1-16, and to the fullest extent permitted by law, by final, binding and confidential arbitration by a single arbitrator conducted in ***Boston, Massachusetts*** by Judicial Arbitration and Mediation Services Inc. ("**JAMS**") under the then applicable JAMS rules (at the following web address: https://www.jamsadr.com/rules-employment-arbitration/); provided, however, this arbitration provision shall not apply to sexual harassment claims to the extent prohibited by applicable law. A hard copy of the rules will be provided to you upon request. A hard copy of the rules will be provided to Executive upon request. **By agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding**. In addition, all claims, disputes, or causes of action under this section, whether by Executive or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The Arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences regarding class claims or proceedings are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration. The Company acknowledges that Executive will have the right to be represented by legal counsel at any arbitration proceeding. Questions of whether a claim is subject to arbitration under this Agreement) shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award; and (c) be authorized to award any or all remedies that Executive or the Company would be entitled to seek in a court of law. Executive and the Company shall equally share all JAMS' arbitration fees. Except as modified in the Confidential Information Agreement, each party is responsible for its own attorneys' fees. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction. To the extent applicable law prohibits mandatory arbitration of sexual harassment claims, in the event you intend to bring multiple claims, including a sexual harassment claim, the sexual harassment may be publicly filed with a court, while any other claims will remain subject to mandatory arbitration.

12. Assignment. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors and legal representatives of Executive upon Executive's death and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of Executive's right to compensation or other benefits will be null and void.

13. Notices. All notices, requests, demands and other communications called for under this Agreement shall be in writing and shall be delivered via e-mail, personally by hand or by courier, mailed by United States first-class mail, postage prepaid, or sent by facsimile directed to the Party to be notified at the address or facsimile number indicated for such Party on the signature page to this Agreement, or at such other

address or facsimile number as such Party may designate by ten (10) days' advance written notice to the other Parties hereto. All such notices and other communications shall be deemed given upon personal delivery, three (3) days after the date of mailing, or upon confirmation of facsimile transfer or e-mail. Notices sent via e-mail under this Section shall be sent to either the e-mail address in this Agreement, or for e-mails sent by the Company to Executive, to the last e-mail address on file with the Company.

14. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement will continue in full force and effect without said provision.

15. Integration. This Agreement, together with the Confidential Information Agreement represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any of the provisions of this Agreement will be binding unless in writing and signed by duly authorized representatives of the parties hereto.

16. Tax Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes and the Company may withhold from any amounts payable under this Agreement for such withholding taxes as it determines may be applicable. Executive acknowledges and agrees that the Company has neither made any assurances nor any guarantees concerning the tax treatment of any payments or awards contemplated by or made pursuant to this Agreement.

17. Waiver. No Party shall be deemed to have waived any right, power or privilege under this Agreement or any provisions hereof unless such waiver shall have been duly executed in writing and acknowledged by the Party to be charged with such waiver. The failure of any Party at any time to insist on performance of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement or any part hereof. No waiver of any breach of this Agreement shall be held to be a waiver of any other subsequent breach

18. Governing Law. This Agreement will be governed by the laws of the Commonwealth of Massachusetts (with the exception of its conflict of laws provisions).

19. Acknowledgment. Executive acknowledges that Executive has had the opportunity to discuss this matter with and obtain advice from Executive's legal counsel, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

20. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument.

21. Effect of Headings. The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.

22. Construction of Agreement. This Agreement has been negotiated by the respective Parties, and the language shall not be construed for or against either Party.

23. Parachute Payments. If any payment or benefit Executive would receive from the Company or otherwise in connection with a Change of Control or other similar transaction (a "280G Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the

Code (the "Excise Tax"), then any such 280G Payment (a "Payment") shall be equal to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "Reduction Method") that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "Pro Rata Reduction Method"). Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A of the Code that would not otherwise be subject to taxes pursuant to Section 409A of the Code, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A of the Code as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A of the Code shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A of the Code.

(a) Unless Executive and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the change of control transaction triggering the Payment shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change of control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Executive and the Company within 15 calendar days after the date on which Executive's right to a 280G Payment becomes reasonably likely to occur (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company.

(b) If Executive receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of the first paragraph of this Section and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, Executive shall promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of the first paragraph of this Section so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in the first paragraph of this Section, Executive shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

24. Section 409A.

All benefits under this Agreement are intended to qualify for an exemption from the application of Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively **"**Section 409A**"**), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent no so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and any ambiguities herein shall be interpreted accordingly.

Notwithstanding anything to the contrary set forth herein, severance benefits shall not commence in connection with the Executive's termination of employment unless and until the Executive has also incurred a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h)) ("Separation From Service"), unless the Company reasonably determines that such amounts may be provided to the Executive without causing the Executive to incur adverse tax consequences under Section 409A.

It is intended that each installment of the severance benefit payments provided for in this Agreement is a separate "payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the severance benefits set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4) and 1.409A-1(b)(9). However, if the Company (or, if applicable, the successor entity thereto) determines that the severance benefits constitute "deferred compensation" under Section 409A and the Executive is, on the termination of service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the severance benefit payments shall be delayed until the earlier to occur of: (i) the date that is six months and one day after the Executive's Separation From Service, or (ii) the date of the Executive's death.

None of the severance benefits will be paid or otherwise delivered prior to the effective date of the Release. If the severance benefits are not covered by one or more exemptions from the application of Section 409A and the Release could become effective in the Executive's taxable year following the Executive's taxable year in which Executive's Separation from Service occurs, the Release will not be deemed effective, for purposes of payment of severance, any earlier than the first day of the taxable year following the taxable year in which the Separation From Service occurred. Except to the minimum extent that payments must be delayed because Executive is a "specified employee" or until the effectiveness of the Release, all amounts will be paid as soon as practicable in accordance with the Company's normal payroll practices.

To the extent that any reimbursements payable to Executive under this Agreement are subject to the provisions of Section 409A: (a) to be eligible to obtain reimbursement for such expenses, Executive must submit expense reports within forty-five (45) days after the expense is incurred, (b) any such reimbursements will be paid no later than December 31 of the year following the year in which the expense was incurred, (c) the amount of expenses reimbursed in one year will not affect the amount eligible for reimbursement in any subsequent year, and (d) the right to reimbursement under this agreement will not be subject to liquidation or exchange for another benefit.

The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

IN WITNESS WHEREOF, each of the Parties has executed this Agreement as of the day and year first above written.

"COMPANY"

ERYTECH Pharma, Inc.

By: /s/ Eric Soyer

Name: Eric Soyer

Date: October 1st, 2019

Title: Treasurer, Secretary and Director

Address: One Main Street, Suite 1150

Cambridge, Massachusetts 02142 USA

Attn: Chief Financial Officer

Email: eric.soyer@erytech.com

"EXECUTIVE"

GIL BEYEN

/s/ Gil Beyen
Gil Beyen

Date: September 16, 2019

Address:

Email: _____

Enclosures
Duplicate Executive Employment Agreement
Employee Confidential Information and Inventions Assignment Agreement

ERYTECH PHARMA S.A. and ERYTECH PHARMA, INC.

EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT

In consideration of my employment or continued employment by **ERYTECH Pharma S.A.**, its subsidiaries including **ERYTECH Pharma, Inc.**, parents, affiliates, successors and assigns (together, the "***Company***"), and the compensation paid to me now and during my employment with Company, and the Company's agreement to provide me with access to its Confidential Information (as defined below), I hereby enter into this Employee Confidential Information and Invention Assignment Agreement (the "***Agreement***") and agree as follows:

1. Confidential Information Protections.

1.1 Recognition of Company's Rights; Nondisclosure. I understand and acknowledge that my employment by Company creates a relationship of confidence and trust with respect to Company's Confidential Information (as defined below) and that Company has a protectable interest therein. At all times during and after my employment, I will hold in confidence and will not disclose, use, lecture upon, or publish any of Company's Confidential Information, except as such disclosure, use or publication may be required in connection with my work for Company, or unless an officer of Company expressly authorizes such disclosure. I will obtain Company's written approval before publishing or submitting for publication any material (written, oral, or otherwise) that discloses and/or incorporates any Confidential Information. I hereby assign to Company any rights I may have or acquire in such Confidential Information and recognize that all Confidential Information will be the sole and exclusive property of Company and its assigns. I will take all reasonable precautions to prevent the inadvertent accidental disclosure of Confidential Information. Notwithstanding the foregoing, pursuant to 18 U.S.C. Section 1833(b), I will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (1) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

1.2 Confidential Information. The term "***Confidential Information***" means any and all confidential knowledge, data or information of Company. By way of illustration but not limitation, "***Confidential Information***" includes (a) trade secrets, inventions, mask works, ideas, processes, formulas, software in source or object code, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all Intellectual Property Rights (as defined below) therein (collectively, "***Inventions***"); (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of obtaining business, forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Company business, suppliers and supplier information, and purchasing; (c) information regarding customers and potential customers of Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by Company, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of Company and other non-public information relating to customers and potential customers; (d) information regarding any of Company's business partners and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by Company, and other non-public information relating to business partners; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information which a competitor of Company could use to the competitive disadvantage of Company. Notwithstanding the foregoing, it is understood that, at all such times, I am free to use information which was known to me prior to my employment with Company or which is generally known in the trade or industry through no breach of this Agreement or other act or omission by me. Notwithstanding the foregoing or anything to the contrary in this Agreement or any other agreement between the Company and me, nothing in this Agreement will limit my right to discuss my employment or report possible violations of law or regulation with the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, the Securities and Exchange Commission, or other federal government agency or similar state or local

agency or to discuss the terms and conditions of my employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act or to the extent that such disclosure is protected under the applicable provisions of law or regulation, including but not limited to "whistleblower" statutes or other similar provisions that protect such disclosure.

1.3 Third Party Information. I understand, in addition, that Company has received and in the future will receive from third parties their confidential and/or proprietary knowledge, data or information (***"Third Party Information"***) subject to a duty on Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter, I will hold Third Party Information in confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for Company) or use, except in connection with my work for Company, Third Party Information or unless expressly authorized by an officer of Company in writing.

1.4 Term of Nondisclosure Restrictions. I understand that Confidential Information and Third Party Information is never to be used or disclosed by me, as provided in this Section 1. If a temporal limitation on my obligation not to use or disclose such information is required under applicable law, and the Agreement or its restriction(s) cannot otherwise be enforced, I agree and Company agrees that the two year period after the date my employment ends will be the temporal limitation relevant to the contested restriction; ***provided, however,*** that this sentence will not apply to trade secrets protected without temporal limitation under applicable law.

1.5 No Improper Use of Information of Prior Employers and Others. During my employment by Company, I will not improperly use or disclose confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person.

2. Assignments of Inventions.

2.1 Definitions. As used in this Agreement, the term ***"Intellectual Property Rights"*** means all trade secrets, Copyrights, trademarks, mask work rights, patents and other intellectual property rights recognized by the laws of any jurisdiction or country; the term "***Copyright***" means the exclusive legal right to reproduce, perform, display, distribute and make derivative works of a work of authorship (as a literary, musical, or artistic work) recognized by the laws of any jurisdiction or country; and the term "***Moral Rights***" means all paternity, integrity, disclosure, withdrawal, special and any other similar rights recognized by the laws of any jurisdiction or country.

2.2 Excluded Inventions and Other Inventions. Attached hereto as **Exhibit A** is a list describing all existing Inventions, if any, (a) that are owned by me or in which I have an interest and were made or acquired by me prior to my date of first employment by Company, (b) that may relate to Company's business or actual or demonstrably anticipated research or development, and (c) that are not to be assigned to Company ("***Excluded Inventions***"). If no such list is attached, I represent and agree that it is because I have no Excluded Inventions. For purposes of this Agreement, "***Other Inventions***" means Inventions in which I have or may have an interest, as of the commencement of my employment or thereafter, other than Company Inventions (as defined below) and Excluded Inventions. I acknowledge and agree that if I use any Excluded Inventions or any Other Inventions in the scope of my employment, or if I include any Excluded Inventions or Other Inventions in any product or service of Company, or if my rights in any Excluded Inventions or Other Inventions may block or interfere with, or may otherwise be required for, the exercise by Company of any rights assigned to Company under this Agreement, I will immediately so notify Company in writing. Unless Company and I agree otherwise in writing as to particular Excluded Inventions or Other Inventions, I hereby grant to Company, in such circumstances (whether or not I give Company notice as required above), a non-exclusive, perpetual, transferable, fully-paid and royalty-free, irrevocable and worldwide license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium, whether now known or later developed, make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in, such Excluded Inventions and Other Inventions. To the extent that any third parties have rights in any such Other Inventions, I hereby represent and warrant that such third party or parties have validly and irrevocably granted to me the right to grant the license stated above.

2.3 Assignment of Company Inventions. Inventions assigned to Company or to a third party as

directed by Company pursuant to Section 2.6 are referred to in this Agreement as "*Company Inventions*." Subject to Section 2.4 and except for Excluded Inventions set forth in **Exhibit A** and Other Inventions, I hereby assign to Company all my right, title, and interest in and to any and all Inventions (and all Intellectual Property Rights with respect thereto) made, conceived, reduced to practice, or learned by me, either alone or with others, during the period of my employment by Company. To the extent required by applicable Copyright laws, I agree to assign in the future (when any copyrightable Inventions are first fixed in a tangible medium of expression) my Copyright rights in and to such Inventions. Any assignment of Company Inventions (and all Intellectual Property Rights with respect thereto) hereunder includes an assignment of all Moral Rights. To the extent such Moral Rights cannot be assigned to Company and to the extent the following is allowed by the laws in any country where Moral Rights exist, I hereby unconditionally and irrevocably waive the enforcement of such Moral Rights, and all claims and causes of action of any kind against Company or related to Company's customers, with respect to such rights. I further acknowledge and agree that neither my successors-in-interest nor legal heirs retain any Moral Rights in any Company Inventions (and any Intellectual Property Rights with respect thereto).

2.4 Unassigned or Nonassignable Inventions. I recognize that this Agreement will not be deemed to require assignment of any Invention that I developed entirely on my own time without using the Company's equipment, supplies, facilities, trade secrets, or Confidential Information, except for those Inventions that either (i) relate to the Company's actual or anticipated business, research or development, or (ii) result from or are connected with work performed by me for the Company. In addition, this Agreement does not apply to any Invention which qualifies fully for protection from assignment to the Company under any specifically applicable state law, regulation, rule or public policy ("***Specific Inventions Law***").

2.5 Obligation to Keep Company Informed. During the period of my employment, I will promptly and fully disclose to Company in writing all Inventions authored, conceived, or reduced to practice by me, either alone or jointly with others. At the time of each such disclosure, I will advise Company in writing of any Inventions that I believe fully qualify for protection under the provisions of the Specific Inventions Law; and I will at that time provide to Company in writing all evidence necessary to substantiate that belief. Company will keep in confidence and will not use for any purpose or disclose to third parties without my consent any confidential information disclosed in writing to Company pursuant to this Agreement relating to Inventions that qualify fully for protection under the Specific Inventions Law. I will preserve the confidentiality of any Invention that does not fully qualify for protection under the Specific Inventions Law.

2.6 Government or Third Party. I agree that, as directed by Company, I will assign to a third party, including without limitation the United States, all my right, title, and interest in and to any particular Company Invention.

2.7 Ownership of Work Product.

(a) I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by Copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101).

(b) I agree that Company will exclusively own all work product that is made by me (solely or jointly with others) within the scope of my employment, and I hereby irrevocably and unconditionally assign to Company all right, title, and interest worldwide in and to such work product. I understand and agree that I have no right to publish on, submit for publishing, or use for any publication any work product protected by this Section, except as necessary to perform services for Company.

2.8 Enforcement of Intellectual Property Rights and Assistance. I will assist Company in every proper way to obtain, and from time to time enforce, United States and foreign Intellectual Property Rights and Moral Rights relating to Company Inventions in any and all countries. To that end I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Intellectual Property Rights and the assignment thereof. In addition, I will execute, verify and deliver assignments of such Intellectual Property Rights to Company or its designee, including the United States or any third party designated by Company. My obligation to assist Company with respect to Intellectual Property Rights relating to such Company Inventions in any and all countries will

continue beyond the termination of my employment, but Company will compensate me at a reasonable rate after my termination for the time actually spent by me at Company's request on such assistance. In the event Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in this paragraph, I hereby irrevocably designate and appoint Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and on my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by me. I hereby waive and quitclaim to Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Intellectual Property Rights assigned under this Agreement to Company.

2.9 Incorporation of Software Code. I agree that I will not incorporate into any Company software or otherwise deliver to Company any software code licensed under the GNU General Public License or Lesser General Public License or any other license that, by its terms, requires or conditions the use or distribution of such code on the disclosure, licensing, or distribution of any source code owned or licensed by Company **except** in strict compliance with Company's policies regarding the use of such software.

3. Records. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that is required by Company) of all Confidential Information developed by me and all Company Inventions made by me during the period of my employment at Company, which records will be available to and remain the sole property of Company at all times.

4. Duty of Loyalty During Employment. I agree that during the period of my employment by Company, I will not, without Company's express written consent, directly or indirectly engage in any employment or business activity which is directly or indirectly competitive with, or would otherwise conflict with, my employment by Company.

5. No Solicitation of Employees, Consultants, Contractors, or Customers or Potential Customers. Except as modified by Section 10.3 below, I agree that during the period of my employment and for the one year period after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, I will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others, except on behalf of Company:

5.1 solicit, induce, encourage, or participate in soliciting, inducing or encouraging any person known to me to be an employee, consultant, or independent contractor of Company to terminate his or her relationship with Company, even if I did not initiate the discussion or seek out the contact;

5.2 solicit, induce, encourage, or participate in soliciting, inducing, or encouraging any person known to me to be an employee, consultant, or independent contractor of Company to terminate his or her relationship with Company to render services to me or any other person or entity that researches, develops, markets, sells, performs or provides or is preparing to develop, market, sell, perform or provide Conflicting Services (as defined below);

5.3 hire, employ, or engage in a business venture with as partners or owners or other joint capacity, or attempt to hire, employ, or engage in a business venture as partners or owners or other joint capacity, with any person then employed by Company or who has left the employment of Company within the preceding three months to research, develop, market, sell, perform or provide Conflicting Services;

5.4 solicit, induce or attempt to induce any Customer or Potential Customer (as defined below), to terminate, diminish, or materially alter in a manner harmful to Company its relationship with Company;

5.5 solicit or assist in the solicitation of any Customer or Potential Customer to induce or attempt to induce such Customer or Potential Customer to purchase or contract for any Conflicting Services; or

5.6 perform, provide or attempt to perform or provide any Conflicting Services for a Customer or Potential Customer.

The parties agree that for purposes of this Agreement, a "***Customer or Potential Customer***" is any person or entity who or which, at any time during the one year period prior to my contact with such person or entity as described in Sections 5.4, 5.5 or 5.6 above if such contact occurs during my employment or, if such contact occurs following the termination of my employment, during the one year period prior to the date my employment with Company ends: (i) contracted for, was billed for, or received from Company any product, service or process

with which I worked directly or indirectly during my employment by Company or about which I acquired Confidential Information; or (ii) was in contact with me or in contact with any other employee, owner, or agent of Company, of which contact I was or should have been aware, concerning the sale or purchase of, or contract for, any product, service or process with which I worked directly or indirectly during my employment with Company or about which I acquired Confidential Information; or (iii) was solicited by Company in an effort in which I was involved or of which I was aware.

6. Non-Compete Provision.

6.1 Except as modified by Section 10.3 below, unless I am classified as nonexempt under the Fair Labor Standards Act, 29 U.S.C. 201-219, I agree that during the period of my employment and for the one year period after the termination of my employment relationship with the Company due to voluntary termination by me or involuntary termination by the Company for Cause (defined below), I will not, whether paid or not: (i) serve as a partner, principal, licensor, licensee, employee, consultant, officer, director, manager, agent, affiliate, representative, advisor, promoter, associate, investor, or otherwise for, (ii) directly or indirectly, own, purchase, organize or take preparatory steps for the organization of, or (iii) build, design, finance, acquire, lease, operate, manage, control, invest in, work or consult for or otherwise join, participate in or affiliate myself with, any business whose business, products or operations are in any respect involved in Conflicting Services (defined below) anywhere in the Restricted Territory (defined below). Should I obtain other employment during my employment with the Company or within 12 months immediately following the termination of my relationship with the Company, I agree to provide written notification to the Company as to the name and address of my new employer, the position that I expect to hold, and a general description of my duties and responsibilities, at least three business days prior to starting such employment.

6.2 The parties further agree that for purposes of this Agreement, "***Conflicting Service***s" means any business in which the Company is engaged, or in which the Company has plans to be engaged, or any service that the Company provides or has plans to provide.

6.3 I agree that for purposes of this Agreement, "***Restricted Territory***" means the geographic areas in which I provided services for the Company or had a material presence or influence, during any time within the last two years prior to the termination of my relationship with the Company.

6.4 I agree that for purposes of this Agreement, "***Cause***" shall mean a termination of my employment by the Company due to my misconduct or failure to meet the Company's performance expectations.

6.5 The Company may elect to enforce the provisions of this Section 6 or waive them at its sole discretion. If the Company elects to enforce the provisions of this Section, such election may be accomplished by the Company providing me with written notice of its election to enforce: (A) on or before the last day of my employment with the Company pursuant to an involuntary termination by the Company for Cause, or (B) within 2 weeks after the Company's receipt of written notice from me of my resignation from employment. If the Company elects to enforce the provisions of this Section 6 then the Company must either: (i) accelerate the vesting of my company stock options by 12 months ("***Mutually Agreed Upon Consideration***"), or, in the event I do not have any Company stock options, (ii) pay me continuing salary payments for one year following termination of my employment at a rate equal to no less than 50% of the highest annualized base salary paid to me by the Company within the two years prior to the termination of my relationship with the Company ("***Garden Leave Payments***"). Notwithstanding anything to the contrary above, the Company may enforce the covenants in this Section 6 without providing the Garden Leave Payments, if applicable, if it determines in good faith that I breached this Section 6 or unlawfully misappropriated the Company's physical or electronic property. For avoidance of doubt, the Company's failure to timely elect to enforce the provisions of this Section 6 shall be construed as its waiver of the provisions of this Section 6. For further avoidance of doubt, if the Company does not elect to enforce, I am classified as nonexempt under the Fair Labor Standards Act, 29 U.S.C. 201-219, or the Company is otherwise prohibited by law or a court from enforcing, the provisions of this Section 6, I will not be subject to the restrictions in this Section 6 nor will I be entitled to any Mutually Agreed Upon Consideration or Garden Leave Payments.

6.6 I acknowledge that I have received $1,000 from the Company in exchange for my agreement to the restrictions in this Section 6.

7. Reasonableness of Restrictions.

7.1 I agree that I have read this entire Agreement and understand it. I acknowledge that I have the right to consult with counsel prior to signing this Agreement. I further acknowledge that I will derive significant value from the Company's agreement to provide me with Company Confidential Information to enable me to optimize the performance of my duties to the Company. I further acknowledge that my fulfillment of the obligations contained in this Agreement, including, but not limited to, my obligation neither to disclose nor to use Company Confidential Information other than for the Company's exclusive benefit and my obligations not to compete and not to solicit are necessary to protect Company Confidential Information and, consequently, to preserve the value and goodwill of the Company. I agree that this Agreement does not prevent me from earning a living or pursuing my career. I agree that the restrictions contained in this Agreement are reasonable, proper, and necessitated by Company's legitimate business interests. I represent and agree that I am entering into this Agreement freely and with knowledge of its contents with the intent to be bound by the Agreement and the restrictions contained in it.

7.2 In the event that a court finds this Agreement, or any of its restrictions, to be ambiguous, unenforceable, or invalid, I and Company agree that the court will read the Agreement as a whole and interpret the restriction(s) at issue to be enforceable and valid to the maximum extent allowed by law.

7.3 If the court declines to enforce this Agreement in the manner provided in subsection 7.2, Company and I agree that this Agreement will be automatically modified to provide Company with the maximum protection of its business interests allowed by law and I agree to be bound by this Agreement as modified.

8. No Conflicting Agreement or Obligation. I represent that my performance of all the terms of this Agreement and as an employee of Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement.

9. Return of Company Property. When I leave the employ of Company, I will deliver to Company any and all drawings, notes, memoranda, specifications, devices, formulas and documents, together with all copies thereof, and any other material containing or disclosing any Company Inventions, Third Party Information or Confidential Information of Company. I agree that I will not copy, delete, or alter any information contained upon my Company computer or Company equipment before I return it to Company. In addition, if I have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company information, including but not limited to, Confidential Information, I agree to provide Company with a computer-useable copy of all such Confidential Information and then permanently delete and expunge such Confidential Information from those systems; and I agree to provide Company access to my system as reasonably requested to verify that the necessary copying and/or deletion is completed. I further agree that any property situated on Company's premises and owned by Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company's personnel at any time with or without notice. Prior to leaving, I will cooperate with Company in attending an exit interview and completing and signing Company's termination statement if required to do so by Company.

10. Legal and Equitable Remedies.

10.1 I agree that it may be impossible to assess the damages caused by my violation of this Agreement or any of its terms. I agree that any threatened or actual violation of this Agreement or any of its terms will constitute immediate and irreparable injury to Company, and Company will have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that Company may have for a breach or threatened breach of this Agreement.

10.2 I agree that if Company is successful in whole or in part in any legal or equitable action against me under this Agreement, Company will be entitled to payment of all costs, including reasonable attorney's fees, from me.

10.3 In the event Company determines that I have breached a fiduciary duty owed to it or misappropriated the Company's physical or electronic property, I agree that the restrictions of Sections 5 and 6 will remain in effect for a period of 24 months after the termination of my relationship with the Company.

11. Notices. Any notices required or permitted under this Agreement will be given to Company at its headquarters location at the time notice is given, labeled "Attention Chief Executive Officer," and to me at my address as listed on Company payroll, or at such other address as Company or I may designate by written notice to the other. Notice will be effective upon receipt or refusal of delivery. If delivered by certified or registered mail, notice will be considered to have been given five business days after it was mailed, as evidenced by the postmark. If delivered by courier or express mail service, notice will be considered to have been given on the delivery date reflected by the courier or express mail service receipt.

12. Publication of This Agreement to Subsequent Employer or Business Associates of Employee.

12.1 If I am offered employment or the opportunity to enter into any business venture as owner, partner, consultant or other capacity while the restrictions described in Sections 5 and 6 of this Agreement are in effect I agree to inform my potential employer, partner, co-owner and/or others involved in managing the business with which I have an opportunity to be associated of my obligations under this Agreement and also agree to provide such person or persons with a copy of this Agreement.

12.2 I agree to inform Company of all employment and business ventures which I enter into while the restrictions described in Sections 5 and 6 of this Agreement are in effect and I also authorize Company to provide copies of this Agreement to my employer, partner, co-owner and/or others involved in managing the business with which I am employed or associated and to make such persons aware of my obligations under this Agreement.

13. General Provisions.

13.1 Governing Law; Consent to Personal Jurisdiction. This Agreement will be governed by and construed according to the laws of the Commonwealth of Massachusetts as such laws are applied to agreements entered into and to be performed entirely within Massachusetts between residents of Massachusetts. I hereby expressly consent to the personal jurisdiction and venue of the state and federal courts located in Massachusetts for any lawsuit filed there against me by Company arising from or related to this Agreement.

13.2 Severability. In case any one or more of the provisions, subsections, or sentences contained in this Agreement will, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained in this Agreement. If moreover, any one or more of the provisions contained in this Agreement will for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it will then appear.

13.3 Successors and Assigns. This Agreement is for my benefit and the benefit of Company, its successors, assigns, parent corporations, subsidiaries, affiliates, and purchasers, and will be binding upon my heirs, executors, administrators and other legal representatives.

13.4 Survival. This Agreement will survive the termination of my employment, regardless of the reason, and the assignment of this Agreement by Company to any successor in interest or other assignee.

13.5 Employment At-Will. I agree and understand that nothing in this Agreement will change my at-will employment status or confer any right with respect to continuation of employment by Company, nor will it interfere in any way with my right or Company's right to terminate my employment at any time, with or without cause or advance notice.

13.6 Waiver. No waiver by Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach. No waiver by Company of any right under this Agreement will be construed as a waiver of any other right. Company will not be required to give notice to enforce strict adherence to all terms of this Agreement.

13.7 Export. I agree not to export, reexport, or transfer, directly or indirectly, any U.S. technical data acquired from Company or any products utilizing such data, in violation of the United States export laws or regulations.

13.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic

Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

13.9 Advice of Counsel. **I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT WILL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION OF THIS AGREEMENT.**

13.10 Entire Agreement. The obligations pursuant to Sections 1 and 2 (except Subsection 2.4 and Subsection 2.7(a)) of this Agreement will apply to any time during which I was previously engaged, or am in the future engaged, by Company as a consultant if no other agreement governs nondisclosure and assignment of inventions during such period. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter of this Agreement and supersedes and merges all prior discussions between us. No modification of or amendment to this Agreement will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

[Signatures to follow on next page]

This Agreement will be effective as of April 1st 2019.

EMPLOYEE:

I have read this agreement carefully and understand its terms. I have completely filled out Exhibit A to this Agreement.

/s/ Gil Beyen
(Signature)

Gil Beyen
Name

Date

Email

COMPANY:

Accepted and agreed

ERYTECH Pharma S.A.

By: /s/ Jean-Paul Kress

Name: Jean-Paul Kress
Title: Chairman of the Board of Directors

Email: jeanpaul.kress@gmail.com

ERYTECH Pharma, Inc.

By: /s/ Eric Soyer

Name: Eric Soyer

Title: Treasurer, Secretary and Director

Email: eric.soyer@erytech.com

EXHIBIT A

EXCLUDED INVENTIONS

TO: **[_____]**

FROM: _____

DATE: _____

1. Excluded Inventions Disclosure. Except as listed in Section 2 below, the following is a complete list of all Excluded Inventions:

☐ No Excluded Inventions.

☐ See below:

_____
_____
_____
_____
_____
_____

☐ Additional sheets attached.

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to the Excluded Inventions generally listed below, the intellectual property rights and duty of confidentiality with respect to which I owe to the following party(ies):

	Excluded Invention	**Party(ies)**	**Relationship**
1.			
2.			
3.			

☐ Additional sheets attached.

Exhibit 12.1

Certification by the Principal Executive Officer pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gil Beyen, certify that:

1. I have reviewed this annual report on Form 20-F of ERYTECH Pharma S.A. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 18, 2020

/s/ Gil Beyen
Name: Gil Beyen
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 12.2

Certification by the Principal Financial Officer pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Eric Soyer, certify that:

1. I have reviewed this annual report on Form 20-F of ERYTECH Pharma S.A. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 18, 2020

/s/ Eric Soyer

Name: Eric Soyer
Title: Chief Financial Officer, Chief Operating Officer and Deputy General Manager
(Principal Financial Officer)

Exhibit 13.1

Certification by the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Gil Beyen, Chief Executive Officer of ERYTECH Pharma S.A. (the "Company"), and Eric Soyer, Chief Financial Officer, Chief Operating Officer and Deputy General Manager of the Company, each hereby certifies that, to the best of his knowledge:

(1) The Company's Annual Report on Form 20-F for the year ended December 31, 2019, to which this Certification is attached as Exhibit 13.1 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 18, 2020

/s/ Gil Beyen
Name: Gil Beyen
Title: Chief Executive Officer
(*Principal Executive Officer*)

/s/ Eric Soyer
Name: Eric Soyer
Title: Chief Financial Officer, Chief Operating Officer and Deputy General Manager
(*Principal Financial Officer*)

Exhibit 15.1

KPMG Audit
51 rue de Saint-Cyr
CS 60409
69338 Lyon Cedex 9
France

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Télécopie : +33 (0)4 37 64 76 09
Site internet : www.kpmg.fr

Erytech Pharma S.A.

Head office: 60 avenue Rockefeller - 69008 - Lyon

Consent of independent Registered Public Accounting Firm

The Board of Directors,

We consent to the incorporation by reference in the registration statements no. 333-232670 on Form S-8 and no. 333-232669 on Form F-3 of Erytech Pharma S.A. of our report dated March 17 2020, with respect to the consolidated statements of financial position of Erytech Pharma S.A. and its subsidiary as of December 31, 2019, 2018 and 2017, and the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the "consolidated financial statements"), which report appears in the Annual Report on Form 20-F of Erytech Pharma S.A. for the year ended December 31, 2019.

Our report dated March 17, 2020 refers to the change in Erytech Pharma S.A.'s method of accounting for leases on January 1, 2019, due to the adoption of IFRS 16 "Leases".

Lyon, March 18, 2020

KPMG Audit
A division of KPMG S.A.

/s/ Sara Righenzi de Villers
Partner