

**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, 2020
- 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)

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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: 20,057,562 as of December 31, 2020

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	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Emerging growth company	<input checked="" type="checkbox"/>

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 whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

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, 2020, 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:

- our ability to attain, maintain and expand marketing approval for eryaspase, which is 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 including our pivotal Phase 3 clinical trial of eryaspase for the treatment of second-line pancreatic cancer patients, which we refer to as the TRYbeCA-1 trial, and our proof-of-concept Phase 2 clinical trial in triple negative breast cancer in Europe, which we refer to as the TRYbeCA-2 trial;
- 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 our lead product candidate, which we refer to as eryaspase or GRASPA, and our other ERYCAPS product candidates, 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 impact of the ongoing COVID-19 pandemic on our business, operations, strategy, goals and anticipated timelines;
- the effects of increased competition as well as innovations by new and existing competitors in our industry;
- our ability to obtain funding for our operations and working capital requirements;
- 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, cash equivalents and short-term investments will be sufficient to fund our operating expenses and capital expenditure requirements;
- the uncertainty of economic conditions in certain countries in Europe and Asia, such as those related to the COVID-19 pandemic and general economic conditions; and
- 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.”

SUMMARY RISK FACTORS

Investing in our shares involves numerous risks, including the risks described in “Item 3.D—Risk Factors” of this Annual Report on Form 20-F. Below are some of our principal risks, any one of which could materially adversely affect our business, financial condition, results of operations, and prospects:

- 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.
- 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.
- Changes in European regulations may limit our ability to attract and obtain additional financing sources outside France.
- We have no approved products, which makes it difficult to assess our future prospects.
- We are heavily dependent on the success of our most advanced product candidate, eryaspase.
- 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.
- If our product candidates are not approved for marketing by applicable government authorities, we will be unable to commercialize them.
- 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.
- 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.
- 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.
- 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 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.
- Due to our limited resources and access to capital, our decisions to prioritize development of certain product candidates may adversely affect our business prospects.
- 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.
- Our production capacity could prove insufficient for our needs.
- Our production costs may be higher than we currently estimate.
- 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.
- The COVID-19 coronavirus could adversely impact our business, including our clinical trials.
- Our ability to compete may decline if we do not adequately protect our proprietary rights.
- The market price of our equity securities may be volatile or may decline regardless of our operating performance.
- The dual listing of our ordinary shares and our ADSs may adversely affect the liquidity and value of our ordinary shares and ADSs.
- 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.

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.

3.A. Selected Financial Data

We have elected to comply with Item 3.A of Form 20-F (Selected Financial Data), as amended February 10, 2021 and are omitting this disclosure in reliance thereon.

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reasons for the Offer and Use of Proceeds

Not applicable.

3.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.

3.D.1. 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 €47.9 million, €43.3 million and €51.7 million for the years ended December 31, 2018, 2019 and 2020, respectively. As of December 31, 2020, our cash and cash equivalents were €44.4 million (\$54.4 million) compared to €73.2 million as of December 31, 2019 which represents an annual cash and cash equivalents net use of €28.7 million. We believe that our cash and cash equivalents as of December 31, 2020 with (i) the sale of shares under the ATM program in February 2021, for a gross amount of €6.6 million (\$8.0 million) and (iii) the tranche of convertible notes issued in March 2021 for a gross amount of €3.0 million enable us to cover our cash requirements until the fourth quarter 2021. Moreover, we believe that we will be able to fund our operations until the first quarter 2022 with the possibility of further use of the OCABSA agreement to raise up to a maximum of €42.0 million until June 2022, subject to the regulatory limit of 20% dilution, representing approximately €30.0 million as of the date of this Annual Report based on a share price of €6.63 (closing share price on the day before the date of this Annual Report). However, we will need to obtain substantial additional funding to support our continuing operations beyond the first quarter 2022.

Refer to "Item 10.B. Liquidity and capital resources" and "Item 10.C Material Contracts for further information on the ATM program and on the OCABSA agreement".

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.

To date, we have financed our operations primarily through a combination of sale of equity securities, debt financings, including, but not limited to, the ATM offering program in the United States, the convertible bond financing pursuant to the OCABSA Agreement, state-guaranteed loans in France, or PGE loans, and public assistance programs in support of innovation, such as the conditional advances and subsidies from the Banque Publique d'Investissement, or Bpifrance, and research tax credits. Until such time, if ever, as we can generate substantial revenue from the sale of our product candidates, we expect to continue to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity securities or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. 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.

We also implemented a convertible bond financing with European High Growth Opportunities Fund in June 2020 and an At the Market Program (ATM) in the United States, it being specified that the total number of new shares that may be issued in connection with these two instruments is capped at 20% of the number of shares admitted to trading on Euronext Paris, including shares admitted without a prospectus during the twelve months prior to their issuance.

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 product 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 €38.2 million, €62.7 million and €73.3 million for the years ended December 31, 2018, 2019 and 2020, 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, 2020, we had a total shareholders' equity of €26.5 million.

We have devoted most of our financial resources to research and development, including our clinical and preclinical development activities. 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 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 or improve existing ones to support our operations.

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, 2020, we have received €2.4 million in non-refundable grants and €5.0 million in conditional advances from Bpifrance. 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 €4.2 million at the date of this Annual Report) 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.

We have entered into a note and warrant transaction consisting of tranches of convertible bonds with warrants attached (OCABSA) and may encounter adverse effects as a result thereof.

On June 24, 2020, we entered into the OCABSA Agreement, pursuant to which we may raise up to €60 million in the aggregate from the exercise of convertible notes, subject to the regulatory limit of 20% dilution, unless further authorized. The share warrants attached to the notes represent 10% of the nominal amount of the issued notes and have an exercise price of €8.91 per share. This exercise price represents a 20% premium over the lowest volume-weighted average daily price of the share over the reference period preceding the issue of the first tranche.

As of December 31, 2020, we issued five tranches of €3.0 million (on July 6, 2020, August 24, 2020, November 17, 2020, December 7, 2020 and December 22, 2020), for a total amount of €15.0 million, all of which convertible notes have been converted into ordinary shares and no warrants have been exercised. Since December 31, 2020, we issued one further tranche of €3.0 million on March 2, 2021 and we could decide to issue additional tranches up to a maximum of €42.0 million until June 2022, subject to the regulatory limit of 20% dilution. There is no guarantee that we will be able to raise this maximum amount, and our ability to issue additional tranches depends on a number of factors and conditions beyond our control.

By using this financing program, we may encounter the following adverse effects:

- the rapid and frequent sale of the new shares resulting from the conversion of the convertible notes and the exercise of the share warrants by the investor may adversely impact our share price;
- the total amount of issuances of convertible notes and share warrants may depend on certain regulatory approvals making the financing amount uncertain;
- as our share price has an impact on the number of shares issued upon the conversion of the convertible notes and the exercise of the share warrants, the number of shares issued upon the conversion of the convertible notes and the exercise of the share warrants is uncertain and may significantly fluctuate during the lifetime of the financing program; and
- conversion into ordinary shares of all or part of the convertible notes and the exercise of all or part of the share warrants could have a potentially significant dilutive effect for our shareholders.

As an example, a shareholder holding 1% of our share capital as of the date of this Annual Report would hold 0.73% of the share capital in the event of the conversion of outstanding notes, the exercise of outstanding warrants and the use of all the amounts remaining in the OCABSA Agreement (€42.0 million) and a share price of €6.63 (closing share price on the day before the date of this Annual Report), subject to obtaining additional authorizations relating thereto if applicable.

3.D.2. 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.

3.D.3. *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 €33.5 million, €52.2 million and €57.6 million during the years ended December 31, 2018, 2019 and 2020, 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;
- ability to monitor patients adequately during and after treatment ; and
- COVID-19 pandemic; in that respect, we experienced a 3 to 4 months delay in patient enrollment in the TRYbeCA1 trial, which has been completed to date.

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 the 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 administered 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.

Even though we have obtained orphan drug designation from the FDA and EMA for eryaspase for the treatment of pancreatic cancer, ALL and AML, we may not be able to obtain orphan drug marketing exclusivity for 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, ALL and AML, and the FDA has granted orphan drug designation for eryaspase for the same indications. 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. This exclusivity period may increase to 12 years if, among other things, the MAA includes the results of studies from an agreed pediatric investigation plan. 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.

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, Medac GmbH and 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.

3.D.4. 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 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.

There have been executive, judicial and Congressional challenges to certain aspects of the ACA. For example, since January 2017, President Trump signed several 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. The U.S. Supreme Court is currently reviewing this case, although it is uncertain when a decision will be made. Although the U.S. Supreme Court has yet ruled on the constitutionality of the ACA, on January 28, 2021, President Biden issued an executive order to initiate a special enrollment period from February 15, 2021 through May 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructs certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. It is also unclear how the Supreme Court ruling, other litigation and healthcare reform measures of the Biden administration 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. The Budget Control Act of 2011, among other things, includes reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute will remain in effect through 2030, except for a temporary suspension from May 1, 2020 through March 31, 2021 due to the COVID-19 pandemic, unless additional Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. 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 included 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. On July 24, 2020 and September 13, 2020, the Trump administration announced several executive orders related to prescription drug pricing that seek to implement several of the administration’s proposals. As a result, the FDA released a final rule on September 24, 2020, effective November 30, 2020, providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020, the U.S. Department of Health and Human Services finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The implementation of the rule has been delayed by the Biden administration from January 1, 2022 to January 1, 2023 in response to ongoing litigation. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers, the implementation of which have also been delayed pending review by the Biden administration until March 22, 2021. On November 20, 2020, the Centers for Medicare & Medicaid Services, or CMS, issued an interim final rule implementing President Trump’s Most Favored Nation executive order, which would tie Medicare Part B payments for certain physician-administered drugs to the lowest price paid in other economically advanced countries, effective January 1, 2021. On December 28, 2020, the United States District Court in Northern

California issued a nationwide preliminary injunction against implementation of the interim final rule. The likelihood of implementation of any of the other Trump administration reform initiatives is uncertain as it is unclear whether the Biden administration will work to reverse these measures or pursue similar policy initiatives. 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. Further, it is possible that additional governmental action is taken in response to the COVID-19 pandemic.

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.

Post marketing regulations in the EU and in State Members also require specifications regarding promotion and advertising of prescription drugs.

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. In addition to European legislation, each Member State of the European Union also enforce specific laws regarding the regulation of promotional claims which may change depending of the country marketing.

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, if 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.

3.D.5. 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.

3.D.6. Risks Related to Our Employees and Business

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

As of December 31, 2020, we had 206 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 €4.4 million, €3.9 million and €3.4 million for the years ended December 31, 2018, 2019 and 2020, 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 our operating revenues (74% of revenues for the year ended December 31, 2019 and more than 90% for the years ended December 31, 2018 and December 31, 2020), 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 globally, including to France, the United States and many of the 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.

We experienced a 3 to 4 months delay in patient enrollment in the TRYbeCA1 study which has been completed to date, and therefore in the intermediary analysis of this study. With the exception of this delay, we did not suffer any delay in other studies that would be related to the economic and health effects of the COVID-19 pandemic.

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 and the virus variants 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 such as the lockdown measures put in place in most countries. 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. We believe that the recently emerged variants of the Covid-19 coronavirus are not likely to modify the risks as described above..

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.

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.

We use the euro as our functional currency for our financial communications. However, a significant portion of our expenses, financial assets and liabilities are denominated in U.S. dollars and are exposed to changes in foreign currency exchange rates. We also entered into a license agreement with SQZ Biotechnologies in 2019 and any potential revenues pursuant to this agreement will be made in U.S. dollars. 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. A deterioration of the U.S. dollar of the Euro could reduce our cash and cash equivalents. Refer to "Item 11. Quantitative and Qualitative Disclosures About Market Risk" for more information.

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. 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. 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 securing transfers of such data outside the European Economic Area including to the United States, providing information 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, conducting record-keeping and, where applicable, appointing data protection officers, conducting data protection impact assessments. 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. The GDPR applies across the EEA and, by virtue of the UK GDPR in the United Kingdom, in a broadly uniform manner. However, the GDPR provides that EEA member states can make their own further laws and regulations to introduce specific requirements related to the processing of 'special categories of personal data,' including personal data related to health, biometric data used for unique

identification purposes and genetic information; as well as personal data related to criminal offences or convictions – in the United Kingdom, the United Kingdom Data Protection Act 2018 complements the UK GDPR in this regard. This fact may lead to greater divergence on the law that applies to the processing of such data types across the EEA and/or United Kingdom, compliance with which, as and where applicable, may increase our costs and could increase our overall compliance risk. Such country-specific regulations could also limit our ability to collect, use and share data in the context of our EEA and/or United Kingdom establishments (regardless of where any processing in question occurs), and/or could cause our compliance costs to increase, ultimately having an adverse impact on our business, and harming our business and financial condition. 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 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.

3.D.7. 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 as well as their covered subcontractors, 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 (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, and certain ownership and investment interests held by physicians or their immediate family members. Beginning in 2022, such obligations will include payments and other transfers of value provided in the previous year to certain other healthcare professionals, including physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, anesthesiologist assistants, and certified nurse midwives;
- 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.) or services related to these products 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 - but not only - healthcare professionals, with limited exceptions and strictly defines the conditions under which such payments or awards are lawful, notably the authorization of the Professional Boards if the financial counterpart is higher than a certain amount, this limit being different according to the nature of the benefit concerned

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.

Changes in European regulations may limit our ability to attract and obtain additional financing sources outside France.

As a result of the implementation of Regulation (EU) 2019/452 of the European Parliament and of the Council of March 19, 2019 establishing a framework for the screening of foreign direct investments into the European Union, the list of sectors of activity which are subject to a control by the French authorities has been extended to cover foreign investments in additional economic sectors. Prior authorization of the Minister of Economy is required for investments in: (i) businesses participating, even occasionally, under the exercise of French public authority, (ii) businesses that would be liable to negatively impact public order, public security or the national defense interest, as well as (iii) business focused on research, production or trade of arms, ammunition, gunpowder and explosive substances.

A foreign direct investment will be subject to authorization where there is an (i) acquisition of control, under article L.233-3 of the French Commercial Code, of an entity subject to French law, (ii) where a party acquires all or part of a branch of activity of an entity subject to French law, (iii) or where a party crosses directly or indirectly, and acting alone or in concert, the 25% voting rights threshold of an entity subject to French law.

The French government has adapted the foreign investment control procedure in France within the context of the ongoing COVID-19 pandemic in two ways: (i) the inclusion, by a Ministerial order (*arrêté*) of April 27, 2020, of biotechnologies in the list of critical technologies and (ii) the addition, by a Decree (*décret*) of July 22, 2020 as amended by Decree n°2020-1729 of December 28, 2020, of the threshold of 10% of voting rights of a company subject to French law whose securities are listed on a stock exchange as triggering the control procedure.

The Decree of July 22, 2020, as amended by the decree of December 28, 2020, currently provides that this new 10% threshold will be effective until December 31, 2021 and a fast-track review procedure for foreign investments exceeding this threshold.

If an investment in the company subject to prior authorization is realized without this authorization having been granted, the Minister will be able to order the investor, subject to a fine for non-performance, to: (i) file an authorization application, (ii) restore the previous situation, or (iii) amend the investment and, if he considers that the conditions for the authorization have not been met, the Minister may also revoke the authorization or order the investor, subject to a fine for non-performance, to comply with the authorization. In both cases, he may also take provisional measures.

Furthermore, an investor who has carried out a transaction without prior authorization or has not complied with the orders or measures set by the French Minister of Economy will be liable to a fine of up to the greater of the following amounts: (i) double the amount of the irregular investment, (ii) 10% of the turnover (excluding taxes) of the company, (iii) five million euros for legal entities, and (iv) one million euros for individuals.

Inclusion of biotechnologies in the list of critical technologies subject to foreign investment control procedure could discourage foreign investment in the Company's securities, thereby limiting access to foreign sources of financing. If interested investors do not or cannot obtain such authorization, their investment could be cancelled and be subject to additional fees and/or monetary penalties.

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 Base Erosion and Profit Shifting 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.

Tax authorities may disagree with our positions and conclusions regarding certain tax positions, resulting in unanticipated costs, taxes or non-realization of expected benefits.

A tax authority may disagree with tax positions that we have taken, which could result in increased tax liabilities. For example, the U.S. Internal Revenue Service or another tax authority could challenge our allocation of income by tax jurisdiction and the amounts paid between our affiliated companies pursuant to our intercompany arrangements and transfer pricing policies, including amounts paid with respect to our intellectual property development. Similarly, a tax authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a "permanent establishment" under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions. A tax authority may take the position that material income tax liabilities, interest and penalties are payable by us, in which case, we expect that we might contest such assessment. Contesting such an assessment may be lengthy and costly and if we were unsuccessful in disputing the assessment, the implications could increase our anticipated effective tax rate, where applicable.

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.

3.D.8. 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.

3.D.9. 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 listed on Euronext Paris. We cannot predict the effect our dual listing will have 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, 2020, 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 40% 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 our 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.

As of December 31, 2020, 20,057,562 ordinary shares were issued and outstanding. Sales of a substantial number of shares of our ordinary shares or ADSs in the public market, or the perception that these sales might occur, could depress the market price of our securities and could impair our ability to raise capital through the sale of additional equity securities. A substantial number of our shares are now generally freely tradable, subject, in the case of sales by our affiliates, to the volume limitations and other provisions of Rule 144 under the U.S. Securities Act of 1933, as amended, or the Securities Act. If holders of these shares sell, or indicate an intent to sell, substantial amounts of our securities in the public market, the trading price of our securities could decline significantly.

We have also filed a registration statement with the SEC to register the ordinary shares that may be issued under our equity incentive plans. The ordinary shares subject to outstanding options under our equity incentive plans, ordinary shares reserved for future issuance under our equity incentive plans and ordinary shares subject to outstanding warrants will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. Sales of a large number of the shares issued under these plans in the public market could have an adverse effect on the market price of our securities. In addition, pursuant to the OCABSA Agreement, we may issue ordinary shares upon conversion of convertible notes and/or exercise of share warrants. In the event that such ordinary shares are sold in the public market, such sales of ordinary shares pursuant to the OCABSA Agreement could also have an adverse effect on the market price of our securities.

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 or controlled by individuals of entities not resident 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;”. Within the context of the ongoing COVID-19 pandemic, the French government has included biotechnologies in the list of strategic industries by a Ministerial order (*arrêté*) of April 27, 2020. See section D “Risk Factors - Risks Related to our Financial Position and Capital Needs ”;

- 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 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 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 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 depository 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 depository does not receive timely voting instructions from a holder of ADSs, the depository 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 depository 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 depository 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 depository 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 depository 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 depository. However, the depository 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 depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository 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 depository 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 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, 2021. 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, assets, activities and market capitalization in 2020, the nature of our business and due to fluctuations in our stock price, we believe that we may have been characterized as a passive foreign investment company, or PFIC, for our taxable year ending December 31, 2020. However, because our PFIC status is subject to a number of uncertainties and it is very early in the year, neither we nor our tax advisors can provide any assurances with respect to our PFIC status for the prior, current, or any future taxable year. Moreover, because the calculation of the value of our assets may be based in part on the value of our ADSs, the value of which may fluctuate considerably, our PFIC status may change from year to year and is difficult to predict. 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. 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 will be characterized as a PFIC for U.S. federal income tax purposes. For purposes of these tests, passive income includes dividends, allocations of income with respect to any partnership, 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 will 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. A U.S. shareholder of a controlled foreign corporation will 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 the 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 ADSs or 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 two material weaknesses in our internal control over financial reporting as of December 31, 2018, which have not been remediated as of December 31, 2020. 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 two material weaknesses in our internal control over financial reporting related to: (i) 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 (ii) the lack of sufficiently developed and documented internal controls for our U.S. subsidiary. We believe these 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, 2020.

During the year 2020, we have deployed 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:

- hire a vendor coordinator to reinforce the team dedicated to the monitoring of research and development projects for which process level controls have not been considered as effective in 2019;
- strengthen the controls over our research and development financial information to detect and correct errors and some of which are still in the process of being implemented;
- analyze the existing segregation of duties environment implemented in our U.S. subsidiary, identify potential organizational conflicts due to the size of the team and when possible define mitigating controls;
- On-going design and implementation of effective controls over certain information technology (“IT”) systems relevant to the preparation of the consolidated financial statements, with a specific focus on users’ access controls.

We plan to continue to deploy 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:

- reinforce our U.S. finance team by the recruitment of a new staff accountant to ensure a proper segregation of duties at an operational level.
- keep implementing effective controls over certain information technology (“IT”) systems relevant to the preparation of the consolidated financial statements.
- finalize the implementation and the rolling out of the controls over our research and development financial information to detect and correct errors.

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, 2020, 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.

4.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, 2018, 2019 and 2020 amounted to €14.2 million, €12.1 million and €0.4 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.

4.B. Business Overview

4.B.1. 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, or RBC. 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 tumors, including pancreatic cancer, acute lymphoblastic leukemia, or ALL, 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 advanced 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 have obtained clinical trial authorizations in the United States and from 11 European countries and have conducted the clinical trial at close to 90 clinical sites in Europe and in the United States. In April 2020, the FDA granted eryaspase Fast Track Designation as a potential second-line treatment for patients with metastatic pancreatic cancer. Eryaspase has also received orphan drug designation, or ODD, for pancreatic cancer in both the United States and Europe. We completed the patient enrollment in the TRYbeCA-1 trial in December 2020. A total of 512 patients participated in the trial, slightly above the target enrollment of 482 patients. The trial recently accrued the required number of events for the planned interim superiority analysis, to be performed by an Independent Data Monitoring Committee, or IDMC. We published the results from the interim superiority analysis from the TRYbeCA-1 trial on February 8, 2021. Based on such analysis, the trial will continue toward a final analysis, expected in the fourth quarter 2021.

We are also supporting a proof-of-concept investigator-sponsored, or IST, Phase 1 clinical trial, which we refer to as the rESPECT trial, evaluating the safety and tolerability of eryaspase in combination with FOLFIRINOX for the treatment of first-line pancreatic cancer patients, as well as in other indications of pancreatic cancer. The Georgetown Lombardi Comprehensive Cancer Center is the sponsor of this trial. We announced the enrollment of the first patient in this trial in January 2021. Two more patients were enrolled in February, completing the first treatment cohort. The trial is expected to determine the maximum tolerated dose by the end of 2021.

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 enrolling patients in three European countries. We expect to report first results from the TRYbeCA-2 trial in the fourth quarter of 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 the safety and pharmacological profile of eryaspase in ALL patients, who developed hypersensitivity reactions to pegylated L-asparaginase. In December 2020, positive results from the trial were presented at the American Society of Hematology 2020 Annual Meeting. The trial was conducted at 21 clinical sites in the Nordic and Baltic countries of Europe and enrolled 55 patients. The primary objective of the trial was enzyme activity of eryaspase. The endpoint was met. We are in discussions with the FDA to evaluate the possibility of pursuing regulatory approval for eryaspase in the United States in this indication based on this investigator sponsored Phase 2 trial. We expect to provide an update in the first half of 2021. If the potential for an approval can be confirmed, we anticipate filing a BLA in the second half of 2021.

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 RBC 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 and immune modulation. 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.”

4.B.2. 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:

Advance the development of eryaspase for the treatment of pancreatic cancer Following positive Phase 2b clinical trial results regarding eryaspase as second-line treatment of advanced pancreatic cancer, we launched TRYbeCA-1, a pivotal Phase 3 clinical trial of eryaspase, also as a second-line treatment for advanced pancreatic cancer, in Europe and in the United States. Patient enrollment began in September 2018 and was completed in December 2020. A total of 512 patients participated in the trial. An interim superiority analysis was conducted by an independent data monitoring committee and announced on February 8, 2021. Based on such analysis, the trial will continue toward a final analysis, expected in the fourth quarter 2021. In view of broadening the indication scope of eryaspase to other pancreatic cancer settings such as first-line metastatic and locally advanced pancreatic cancer, we are supporting a proof-of-concept investigator-sponsored Phase 1 clinical trial, evaluating the safety eryaspase in combination with FOLFIRINOX. The Georgetown Lombardi Comprehensive Cancer Center is the sponsor of the trial. This rESPECT trial is expected to determine the maximum tolerated dose by the end of 2021.

Develop eryaspase for the treatment of other oncology indications 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 conducting other clinical trials and are planning to seek regulatory authorizations for eryaspase for the treatment of selected oncology indications beyond pancreatic cancer. Current development tracks are in:

- **ALL:** Following positive results in December 2020 of a Phase 2 clinical trial initiated and sponsored by NOPHO, we are currently evaluating the possibility of pursuing regulatory approval in the United States based on this investigator sponsored Phase 2 trial. We are in discussions with the FDA regarding our planned BLA submission of eryaspase for the treatment ALL and anticipate to provide an update in the first half of 2021. If the potential for an approval can be confirmed, we expect filing a BLA in the second half of 2021.
- **TNBC:** we continue our Phase 2 proof-of-concept clinical trial initiated in Europe in the fourth quarter of 2018. The trial is now enrolling patients in three European countries and we expect to report first results in the fourth quarter of 2021.

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 methionine-dependent cancer cells and induce tumor starvation. We intend to continue to work on the development of 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 are also evaluating other therapeutic approaches such as cancer immunotherapy and enzyme replacement therapies 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 ERYCAPS platform technology through a combination of in-house development and well-selected partnering opportunities in development and commercialization. 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 immune modulation 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 approved products.

4.B.3. 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.

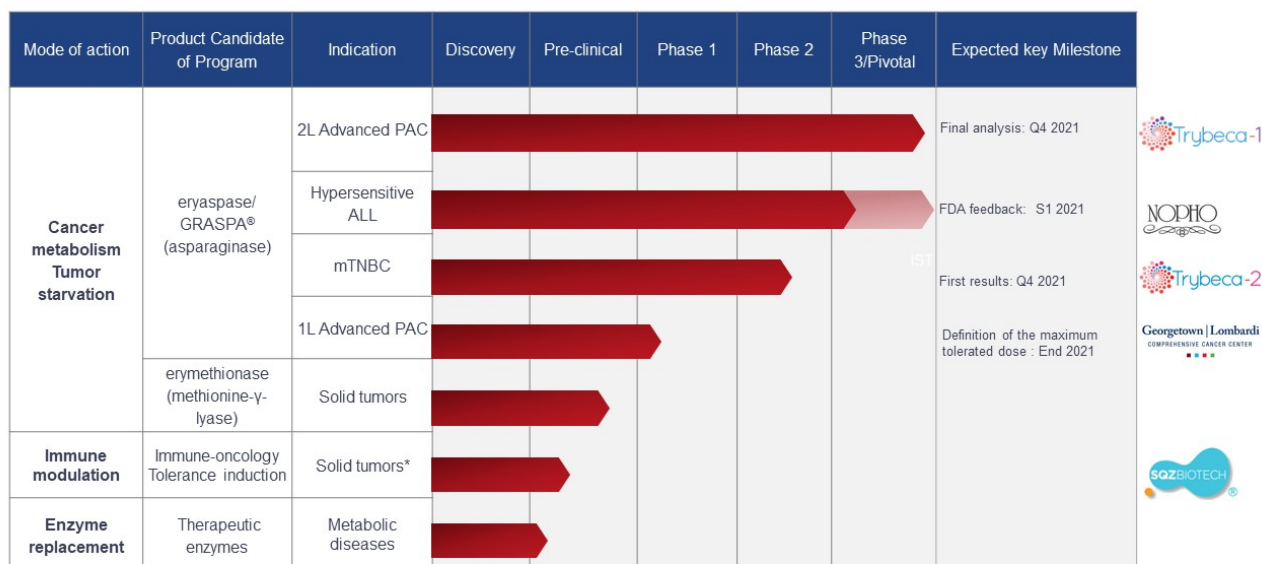
We believe that our ERYCAPS platform technology is an innovative approach that offers several key potential benefits:

- **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 5,100 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.

4.B.4. Our Pipeline



ALL: acute lymphoblastic leukemia; Advanced PAC: metastatic pancreatic cancer; mTNBC metastatic triple-negative breast cancer; 1L: Firstline; 2L: second Line; NOPHO: Nordic Society of Paediatric Haematology and Oncology; * Development by SQZ Biotech

4.B.5. Our Lead Product Candidate Eryaspase—A Unique Approach to Cancer Treatment

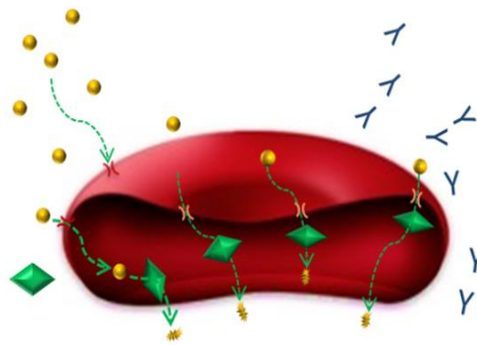
Eryaspase, our first product candidate developed using our proprietary ERYCAPS platform consists of the enzyme L-asparaginase encapsulated inside erythrocytes, or red blood cells. L-asparaginase breaks down asparagine, a naturally occurring amino acid, into L-aspartic acid and ammonia. Asparagine is 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, utilizing our proprietary ERYCAPS platform, 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 630 patients in clinical trials and compassionate use programs to date.

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:

Active transporters
in membrane of RBC
pump circulating
asparagine into the
RBC...



Prolonged activity
Reduced toxicity

-  Asparaginase
-  Asparagine
-  Aspartate
-  Ammonia

...where the encapsulated
L-asparaginase hydrolyzes the asparagine
into aspartate and ammonia

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 ENROLLED	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 • Incidence of allergic reactions (induction phase)	150 U/kg	EU	Randomized, open label
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

PHASE	TRIAL REFERENCE	# OF PATIENTS ENROLLED	AGE	INDICATION	PRIMARY ENDPOINTS	DOSE	REGION	DESIGN
Acute Myeloid Leukemia								
2b	ENFORCE 1	123	65 to 85	First-line, unfit	• Overall survival	100 U/ kg	EU	Multicenter, open label, randomized, controlled

On going clinical trials

PHASE	TRIAL REFERENCE	# OF PATIENTS PLANNED	AGE	INDICATION	PRIMARY ENDPOINTS	DOSE	REGION	DESIGN
Solid Tumors								
1	STUDY00002008 (rESPECt)	12-18 (max 21)	18+	First line patients with locally advanced and metastatic pancreatic cancer	Determination of the MTD, tolerability and safety of Eryaspase in combination with the dose-modified FOLFIRINOX	25 / 50 / 75 / 100 U/Kg	US	Single arm, Open label
3	TRYbeCA-1	512*	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	55*	1 to 45	Second-line post PEG-asparaginase	• PK / PD, safety and immunogenicity	150 U/kg	EU	Single arm, open label

* Enrollment for these clinical trials is completed at the date of this Annual Report. The figures represent the number of patients effectively 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.

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)		5-YEAR SURVIVAL RATE
	2017	2030	2017	2030	
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.

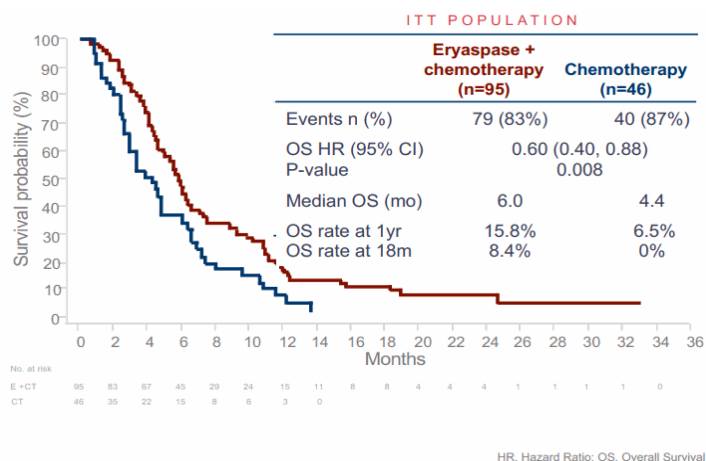
Endpoints

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 PFS hazard ratio was 0.56 (nominal p-value = 0.011). 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 512 patients. Patients who met the eligibility criteria have been 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 for the TRYbeCA-1 trial commenced in September 2018 in Europe and after receipt of IND approval from the FDA, we have opened clinical sites in the United States. We have obtained clinical trial authorizations in the United States and from 11 European countries, and as of the date of this Annual Report, where the trial has been conducted in 90 clinical trial sites. We completed enrollment in December 2020 with 512 randomized patients.

The interim analysis was triggered when two-thirds of the total number of events had occurred (i.e. two-thirds of the number of deaths required to make the final analysis of the overall survival in the trial) have occurred. Those events have been reached in October 2020. We published the results from the interim superiority analysis on February 8, 2021. This is the third review by the IDMC of the safety data of the patients enrolled and treated in the trial. The prior reviews took place at 150, 199 and 320 patients, respectively. No safety issues were identified and the IDMC recommended that we continue the trial as planned. We remain blinded to the primary and secondary endpoint efficacy data. The trial will continue toward a final analysis, expected in the fourth quarter of 2021.

Ongoing – rESPECT trial

rESPECT (STUDY00002008) is a proof-of-concept investigator initiated Phase 1 clinical trial evaluating the safety of eryaspase in combination with FOLFIRINOX for the treatment of first-line pancreatic cancer patients. The US Food and Drug Administration (FDA) reviewed IND/Investigational New Drug application and cleared the study to proceed enrolling patients in December 2019. It is planned to enrol approximately 12 to 18 patients. The study is open for enrollment.

Next Steps in Pancreatic Cancer

We will pursue our clinical development strategy in the treatment of pancreatic cancer as follows:

- the completion of the TRYbeCA1 Phase 3 clinical trial in second-line advanced pancreatic cancer in Europe and the U.S. Final analysis results are expected in the fourth quarter of 2021.
- the continuation of the rESPECT Phase 1 clinical trial in first line pancreatic cancer, led and sponsored by the Georgetown Lombardi Comprehensive Cancer Center in Washington, DC, USA. Determination of the maximum tolerated dose will be expected by end of year 2021.

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 three European countries and we announced enrollment of the first patient in June 2019. The TRYbeCA-2 trial, is evaluating eryaspase in combination with gemcitabine and carboplatine chemotherapy, compared to chemotherapy alone in approximately 64 patients, with previously untreated metastatic TNBC. We expect to report first results from the TRYbeCA-2 trial in the fourth quarter of 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 started the development of eryaspase in 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. 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.

In 2014, we completed a phase 2/3 clinical trial in 80 children and adults with relapsed 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 trial 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. The enrollment has been completed in August 2020 (55 patients enrolled). Preliminary results have been presented in March 2020 during the annual NOPHO meeting and final positive results have been presented at the American Society of Hematology (ASH) meeting on 6 December 2020.

4.B.6. Other ERYCAPS Development Programs

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 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. 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).

Enzyme Replacement

Outside of the oncology field, we also are studying the use of our ERYCAPS platform to promote long-acting enzyme activity

Enzyme replacement 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 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.

Immune modulation

We demonstrated the proof of concept to encapsulate tumor antigens or adjuvants within red blood cells as an innovative approach to cancer immunotherapy.

Based on our preclinical research on immune modulation, we believe that encapsulated tumor antigens can be targeted to the spleen or to the liver, in order to induce an immune response, resulting in sustained activation of the body's immune system to fight cancers or to tolerance induction. 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. As part of our value creation strategy, in 2019, we have granted to SQZ Biotechnologies an exclusive worldwide licence to develop antigen-specific immune modulating therapies employing RBC-based approaches. Combining SQZ's proprietary and versatile cell engineering platform, Cell Squeeze®, with our intellectual property related to RBC-based therapeutics, rapid development of a broad pipeline of novel immunomodulatory products addressing multiple indications is envisaged.

4.B.7. 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 (Établissement 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.

4.B.8. 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.

4.B.9. 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 290 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, Jordan
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, 13 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 a 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.

4.B.10. 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 fluorouracil 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, Tyme Technologies' SM-88, BioLineRx's BL-8040, and NantKwest's PD-L1.t-haNK combined with ImmunityBio's N-803. 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's APX005M and Astellas' zolbetuximab.

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 and Merck's Keytruda which were approved by the FDA for metastatic TNBC in 2019 and 2020 respectively; Trop-2 directed antibody-drug conjugates (ADCs), including, but not limited to, Gilead Science's Trodelvy which was approved by the FDA for previously treated metastatic TNBC in 2020; and other molecules in development, including, but not limited to, Roche's ipatasertib, AstraZeneca's capivasertib, Seattle Genetics' ladiratuzumab vedotin, and G1 Therapeutics' trilaciclib.

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.

4.B.11. 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, 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, the EMA has announced that the effective launch of the portal is expected in December 2021. 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 2004 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 Pediatric 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 to the competent authority.

Also, the competent national authority can ask for interim PSURs outside the submission schedule.

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.

This decree specifies the modalities for carrying out research involving the human person. In particular, it specifies the definitions applicable to the various categories of research falling within its scope, the operation of the committees for the protection of persons (CPP), the procedures for requesting an opinion from the CPP and authorization from the ANSM, as well as the rules applicable to vigilance.

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).

Under French law, the State is responsible for compensating the damage resulting from a medical accident occurring during a clinical trial in the event of no fault, i.e. in the event of a medical accident for which no fault is found. In this respect, a mechanism provides for compensation by the National Office for Medical Accidents (*Office national des accidents médicaux*), as part of national solidarity.

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. A decree of August 7, 2020 sets out the amounts for which the benefit, depending on the benefit provided, is considered negligible and does not require any declaratory action. A second decree of August 7, 2020 defines the amounts above

which the agreement is subject to an authorization regime, with amounts less than or equal to these amounts requiring a simple declaration. The decree also provide with the declaration schedule to the competent authority.

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 and Health Reform

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 signed several 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 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 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. 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. The U.S. Supreme Court is currently reviewing this case, although it is uncertain when a decision will be made. Although the U.S. Supreme Court has yet ruled on the constitutionality of the ACA, on January 28, 2021, President Biden issued an executive order to initiate a special enrollment period from February 15, 2021 through May 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructs certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. It is unclear how the Supreme Court ruling, other such litigation, and the healthcare reform measures of the Biden administration 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 2030 unless additional Congressional action is taken. However, COVID-19 relief support legislation suspended the 2% Medicare sequester from May 1, 2020 through March 31, 2021. 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 contained 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. On July 24, 2020 and September 13, 2020, the Trump administration announced several executive orders related to prescription drug pricing that seek to implement several of the administration’s proposals. As a result, the FDA released a final rule on September 24, 2020, effective November 30, 2020, providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The implementation of the rule has been delayed by the Biden administration from January 1, 2022 to January 1, 2023 in response to ongoing litigation. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers, the implementation of which have also been delayed pending review by the Biden administration until March 22, 2021. On November 20, 2020, CMS issued an interim final rule implementing President Trump’s Most Favored Nation executive order, which would tie Medicare Part B payments for certain physician-administered drugs to the lowest price paid in other economically advanced countries, effective January 1, 2021. On December 28, 2020, the U.S. District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. The likelihood of implementation of any of the other Trump administration reform initiatives is uncertain as it is unclear whether the Biden administration will work to reverse these measures or pursue similar policy initiatives. 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. Further, it is possible that additional action is taken in response to the COVID-19 pandemic.

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 laws prohibits 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 (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals and certain ownership and investment interests held by physicians or their immediate family members. Beginning in 2022, applicable manufacturers also will be required to report such information regarding its payments and other transfers of value to physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists and certified nurse midwives during the previous year;
- 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 as well as their covered subcontractors, 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.

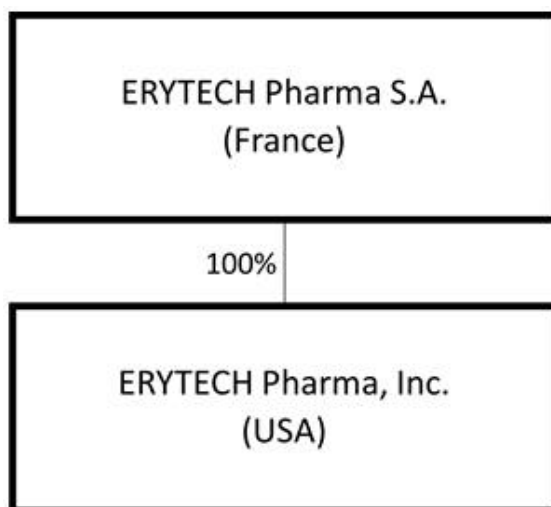
The ACA broadened the reach of the federal fraud and abuse laws by, among other things, amending the intent requirement of the U.S. federal Anti-Kickback Statute and certain federal criminal healthcare fraud statutes. Pursuant to the statutory amendment, a person or

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.

4.C. Organizational Structure.

The following diagram illustrates our corporate structure:



4.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 4.A. 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 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, or RBC. 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 tumors, including pancreatic cancer, acute lymphoblastic leukemia, or ALL, and triple negative breast cancer, or TNBC. We are also exploring the use of our ERYCAPS platform for developing cancer immunotherapies and enzyme therapies.

Since our inception, we have devoted substantially all of our financial resources to research and development efforts, including conducting preclinical studies and clinical trials of our product candidates, providing general and administrative support for our operations and protecting our intellectual property.

As of December 31, 2020, we had cash and cash equivalents amounted of €44.4 million (\$54.4 million). Historically, we have financed our operations and growth through private and public offerings of our equity securities, convertible notes, loans, public assistance programs in support of innovation, such as the conditional advances and subsidies from Bpifrance, 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. In November 2017, we completed a global offering for gross proceeds of \$143.7 million, or €123.6 million. The global offering consisted of a U.S. initial public offering of 5,389,021 ADS, 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. Our net proceeds from the global offering were approximately €112.1 million (\$130.4 million).

Since our inception in 2004, we have incurred significant operating losses. Our net loss was €38.2 million, €62.7 million and €73.3 million for the years ended December 31, 2018, 2019 and 2020, respectively. We had a consolidated shareholders' equity of €26.5 million as of December 31, 2020, 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. Although it is difficult to predict future liquidity requirements, we believe that our existing cash and cash equivalents as of the date of this Annual Report will be sufficient to fund our operations until the fourth quarter 2021. If we take into account potential proceeds from the OCABSA Agreement, then we believe we could fund our operations until the first quarter 2022. Refer to "Item 3.D.1 Risks Related to our Financial Position and Capital Needs for further details.

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:

- conduct our ongoing and planned clinical trials of eryaspase in Europe and in the United States;
- 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;

- 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 to attract and retain new and existing skilled personnel; and
- create additional infrastructure to support 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 a combination of equity offerings, debt financings, government or other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. 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. Moreover, 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.

The consolidated financial statements as of and for the years ended December 31, 2018, 2019 and 2020 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 5, 2021. 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, our consolidated financial statements have also been prepared in accordance with IFRS as adopted by the European Union, or EU.

Financial Operations Overview

Operating Income

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. Our operating income consists of other income.

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 and development 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;
- 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*. As no research and development expenditure is capitalized before obtaining a marketing authorization, the CIR related to a research program is entirely recognized in "other income" in our statement of income (loss).

Subsidies

We have received financial assistance from Bpifrance and other governmental organizations in connection with the development of our product candidates. Bpifrance's mission is to provide assistance and support to emerging French enterprises to facilitate the development and commercialization of innovative technologies.

Funds are recognized in "other income" in our statement of income (loss) for the fiscal year in which the financed expenses were recorded.

Revenue from Licenses or Other Contracts

Since January 1, 2018, agreements are analyzed and recorded in accordance with IFRS 15 *Revenue from contracts with customers*, or IFRS 15.

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.

Operating Expenses

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

Research and development expenses

We engage in substantial research and development efforts to develop innovative pharmaceutical product candidates.

Research and development expenses consist primarily of:

- services, subcontracting and consulting fees, that primarily include the cost of third-party contractors such as contract research organizations, or CROs, who conduct our clinical trials;
- personnel costs, including salaries, related benefits and share-based compensation, for our employees engaged in scientific research and development functions;
- purchases of raw materials, especially asparaginase, and transportation costs associated;
- depreciation and amortization expenses.

Since our inception, 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 fees paid to consultants, laboratories and CROs in connection with our clinical trials, and purchases of raw materials which we allocate to our specific research 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, and will seek regulatory approvals for our product candidates, if clinical trial are successfully completed.

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.

General and Administrative

General and administrative expenses consists primarily of :

- services, subcontracting and consulting fees, mainly related to legal services, accounting and audit, IT, insurance costs and overhead costs;
- personnel costs including share-based compensation for personnel other than employees engaged in scientific research and development functions;

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 (Loss)

Financial income (loss) relates primarily to:

- expenses and income on convertibles notes recognized in accordance with IFRS 9 (amortized cost and change in fair value of embedded derivatives),
- interest expenses incurred on financial liabilities and lease liabilities,
- income received from cash and cash equivalents and
- gains and losses on exchange rate variations on financial and investing operation.

Income tax

We do not recognize current tax expense. 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.

Critical Accounting Policies and Estimates

Some of the accounting methods and policies used in preparing our 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 losses could differ from the value derived from these estimates if conditions changed 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 financial statements are described below. For further details, see Notes to our consolidated financial statements.

Measurement of Share-based payments

We account for share-based compensation in accordance with IFRS 2 *Share-based payment*, or IFRS 2. Determining the fair value of share-based awards at the grant date requires judgment. Fair value is estimated using the Black & Scholes valuation model (for BSA, SO and BSPCE valuation) and Monte-Carlo valuation model (for AGA valuation). The determination of the 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 expected term of the awards, expected volatility, risk-free interest rates and expected dividends. If any of the assumptions change significantly, share-based compensation for future awards may differ materially compared with the awards granted previously.

Measurement of the convertible notes' agreement

Our convertible notes' agreement is measured in accordance with IFRS 9 *Financial instruments*, or IFRS 9. The determination of the accounting treatment of this agreement requires judgment. We determined that this agreement includes: (i) a put and call option linked to the mutual commitment between us and the investor qualified as derivative at the signing date of this agreement, (ii) a conversion option and warrants qualified as derivative at the issuance of a tranche. Fair value is estimated using the Tsiveriotis Fernandes valuation model for the put and call option, the Monte-Carlo valuation model for the conversion option and the Black & Scholes valuation model for warrants. The determination of the fair value of the different components using these models is affected by assumptions regarding a number of complex and subjective variables. These variables include the expected term, expected volatility, risk-free interest rates, expected dividends for the three valuation models and credit spread for the Tsiveriotis Fernandes valuation model. If any of the assumptions change significantly, fair value of each component of this agreement could differ materially from their valuation.

Estimate of the hospital costs

The completion of the hospital costs related to clinical trials sponsored by the Company is measured based on two allocation keys : (i) site activation for fixed establishment costs which are recognized in full when sites are activated and (ii) patient randomization for variable patient costs (including chemotherapy costs) which are spread over the estimated time of treatment of the patient as planned in the clinical protocol. These allocation keys are applied to the estimated expenses of the clinical trial. The excess of estimated costs incurred over invoices received is recorded in "Vendors - accruals".

5.A. Operating Results

5.A.1. Operating Income

We generated operating income of €4,447 thousand in 2018, €5,283 thousand in 2019 and €3,718 thousand in 2020. The components of our operating income are set forth in the table below.

(in thousands of €)	FOR THE YEAR ENDED DECEMBER 31,		
	2018	2019	2020
Revenues	—	—	—
Other income			
Research Tax Credit	4,375	3,915	3,430
Subsidies	—	294	42
Revenues from licenses or other contracts	72	1,074	246
Operating income	4,447	5,283	3,718

The CIR recognized for each of the years 2018 and 2019 ended were received in cash in 2019 and 2020, respectively. We expect to receive the CIR recognized for the 2020 year in 2021.

Revenues from licenses or other contracts in 2019 are primarily associated with our license agreement with SQZ Biotechnologies.

Research and Development Expenses

Our research and development expenses amounted to €33,468 thousand in 2018, €52,193 thousand in 2019 (an increase of 56% compared to 2018) and €57,580 thousand in 2020 (an increase of 10% compared to 2019).

Our research and development expenses are broken down in the table below.

(in thousands of €)	FOR THE YEAR ENDED DECEMBER 31,			% CHANGE	
	2018	2019	2020	2018/2019	2019/2020
ERYASPASE	12,883	22,740	28,469	77 %	25 %
ERYMETHIONASE	2,472	2,027	41	(18 %)	(98 %)
IMMUNOTHERAPIES	389	275	2	(29 %)	(99 %)
ENZYME THERAPIES	256	7	0	(97 %)	(100 %)
Direct research and development expenses	16,000	25,049	28,512	57 %	14 %
Consumables	938	2,917	3,695	211 %	27 %
Rental and maintenance	793	1,292	1,275	63 %	(1 %)
Services, subcontracting and consulting fees	4,532	4,413	4,179	(3 %)	(5 %)
Personnel expenses ⁽¹⁾	10,914	14,967	15,629	37 %	4 %
Depreciation and amortization expense	233	3,508	4,232	1,406 %	21 %
Other	58	47	58	(19 %)	23 %
Indirect research and development expenses	17,468	27,144	29,068	55 %	7 %
Research and development expenses ⁽²⁾	33,468	52,193	57,580	56 %	10 %

⁽¹⁾ Includes €1,158 thousand, €688 thousand and €531 thousand related to share-based compensation expense for 2018, 2019 and 2020, respectively.

⁽²⁾ €23,966 thousand, €44,398 thousand and €53,734 thousand of this amount are related to clinical trials for 2018, 2019 and 2020, respectively.

The increase in research and development expenses for periods presented is mainly due to:

- An increase in costs related to eryaspase of €9,857 thousand in 2019 and €5,729 thousand in 2020 because of the initiation of our TRYbeCA-1 trial, which began in September 2018.
- A decrease in costs related to erymethionase of €445 thousand in 2019 and €1,986 thousand in 2020 due to our decision to focus our financial resources on other strategic priorities.
- An increase in personnel expenses of €4,053 thousand in 2019 and €662 thousand in 2020, mainly related to an increase in headcount of our research and development workforce, especially in technical operations, 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, 156 in 2019 and 166 in 2020.
- An increase in depreciation and amortization expenses of €3,275 thousand in 2019 and €724 thousand in 2020, mainly related to:
 - the recognition of an impairment of €1,036 thousand in 2019 on a production process recognized in intangible asset; and
 - the commissioning of our manufacturing facility in Princeton, New Jersey in the second half of 2019.

General and Administrative Expenses

Our general and administrative expenses amounted to €14,600 thousand in 2018, €17,164 thousand in 2019 (an increase of 18% compared to 2018) and €14,970 thousand in 2020 (a decrease of 13% compared to 2019).

Our general and administrative expenses are broken down as follows:

(in thousands of €)	FOR THE YEAR ENDED DECEMBER 31,			% CHANGE	
	2018	2019	2020	2018/2019	2019/2020
Consumables	33	527	224	1,497 %	(57 %)
Rental and maintenance	1,584	1,117	1,070	(29 %)	(4 %)
Services, subcontracting, and consulting fees	5,409	7,964	5,962	47 %	(25 %)
Personnel expenses ⁽¹⁾	5,925	6,331	6,573	7 %	4 %
Depreciation and amortization expense	529	751	686	42 %	(9 %)
Other ⁽²⁾	1,120	474	455	(58 %)	(4 %)
General and administrative expenses	14,600	17,164	14,970	18 %	(13 %)

⁽¹⁾ Includes €849 thousand, €522 thousand and €532 thousand related to share-based compensation expense for 2018, 2019 and 2020, respectively.

⁽²⁾ Includes €442 thousand, €159 thousand and €116 thousand related to share-based compensation expense (warrants allocated to directors and to the chairman of the board) for 2018, 2019 and 2020, respectively.

Our general and administrative expenses are mainly composed of:

- Services, subcontracting and consulting fees amounting to €5,409 thousand in 2018, €7,964 thousand in 2019 and €5,962 thousand in 2020. The significance of these expenses in 2019 compared to 2018 and 2020 was mainly due to the establishment of our Princeton, New Jersey manufacturing facility; and
- Personnel expenses amounting to €5,925 thousand in 2018, €6,331 thousand in 2019 and €6,573 thousand in 2020. The average number of full-time employees allocated to our general and administrative workforce was 39 in 2018, 41 in 2019 and 41 in 2020.

5.A.2 Financial Income (Loss)

Our financial income (loss) amounted to €5,399 thousand in 2018, €1,414 thousand in 2019 and €(4,465) thousand in 2020. It is broken down as follows:

(in thousands of €)	FOR THE YEAR ENDED DECEMBER 31,		
	2018	2019	2020
Financial income	5,427	2,947	889
Financial expenses	(28)	(1,533)	(5,354)
Financial income (loss)	5,399	1,414	(4,465)

Our financial income related mainly to:

- Foreign currency gains and losses of €3,993 thousand in 2018, €781 thousand in 2019 and €(3,028) thousand in 2020. The decrease is due to a significant fall in the U.S. dollar against the euro over the periods presented;
- A gain on foreign exchange swaps of €1,254 thousand in 2018, €1,124 thousand in 2019 and €61 thousand in 2020; and
- A net expense of €1,032 thousand in 2020 due to the recognition of the convertible notes agreement signed with European High Growth Opportunities Securitization Fund in accordance with IFRS 9 (no corresponding expense during the comparative periods).

5.B.Liquidity and Capital Resources

5.B.1. Sources of liquidity

Equity

We have financed our operations since our inception through several rounds of public and private financings that could be summarized as follows:

		Gross proceeds (in millions of euros)
Until 2012	Successive funding rounds : issuance of ordinary and preference shares	17.7
2013	Initial public offering on Euronext	17.7
2014	Follow-on offering	30.0
2015	Private placement	25.4
2016	Private placement	9.9
2017	Follow-on offering	70.5
2017	Global offering : U.S. initial public offering and concurrent private placement in Europe	123.6
2020-2021	Conversion of convertible notes	15.0
2021	Shares sold under the at-the-market (“ATM”) program	6.6
		316.4

In September 2020, we entered into a sales agreement with Cowen with respect to an ATM offering program pursuant to which we may issue and sell, from time to time at our sole discretion, ordinary shares in the form of ADSs to eligible investors at market prices, with aggregate gross sales proceeds of up to \$30 million, subject to the regulatory limit of 20% dilution (this threshold is calculated based on the total number of shares listed on Euronext without prospectus during the twelve months before the issuance).

In February 2021, we sold shares under this ATM offering program resulting in gross proceeds of \$8.0 million, or €6.6 million, resulting in net proceeds of \$7.8 million or €6.4 million. As of the date of this Annual Report, \$22.0 million remained available for future issuance until September 2023, subject to the regulatory limit of 20% dilution.

Non-refundable grants and conditional advances

Since our inception, we have received non-refundable subsidies from Bpifrance in the amount of €2.4 million in connection with our preclinical research programs.

We have also received €5.0 million in three conditional advances from Bpifrance. To date, TEDAC is the only ongoing program funded by conditional advances. No repayment were made during the years presented.

The TEDAC research program, which is funded by non-refundable subsidies and conditional advances from Bpifrance, 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 Bpifrance 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 €1,749 thousand through December 31, 2020.
- The total amount of conditional advances to be granted is €4,895 thousand, of which we have received an aggregate amount of €4,161 thousand through December 31, 2020. We will be obligated to make repayments based on the achievement of specified sales levels. Second, we will also have to pay royalties based on our sales.

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. The cumulative amount of research tax credit recognized for the years ended December 31, 2018, 2019 and 2020 was €11.7 million, of which €8.3 million are received as of today. We expect to receive the remaining balance in 2021.

Loans

- Convertible notes agreement ("OCABSA")

Refer to "Item 10.C. Material Contracts" for further information regarding our material contracts.

- *Bank loans*

In 2017, we subscribed an unsecured bank loan with Société Générale subscribed for a total amount of €1.9 million with a 0.4% interest rate and 36 monthly repayment terms. This loan is fully repaid as of December 31, 2020.

In November 2020, we received two loans of €5.0 million each, in the form of State-Guaranteed Loan (Prêt Garanti par l'Etat, or PGE in France), with Bpifrance and Société Générale in the context of the COVID-19 pandemic. The loans bear interest at fixed rates of 1.67% and 0.25% per annum respectively, with an initial term of one year and a five -year deferral option and the French government will guarantee 90% of the amount due.

5.B.2. Cash Flows

The table below summarizes our sources and uses of cash for the years ended December 31, 2018, 2019 and 2020.

(in thousands of €)	FOR THE YEAR ENDED DECEMBER 31,		
	2018	2019	2020
Net cash flows used in operating activities	(47,857)	(43,310)	(51,720)
Net cash flows used in investing activities	(6,450)	(19,838)	(1,475)
Net cash flows from (used in) financing activities	(818)	40	25,449
Exchange rate effect on cash in foreign currency	3,981	1,910	(981)
Net increase (decrease) in cash and cash equivalents	(51,144)	(61,198)	(28,727)

Cash flows used in operating activities

(in thousands of €)	FOR THE YEAR ENDED DECEMBER 31,		
	2018	2019	2020
Operating cash flow before change in working capital	(38,864)	(57,040)	(62,522)
Change in working capital	(8,993)	13,730	10,802
Net cash flow used in operating activities	(47,857)	(43,310)	(51,720)

Our net cash flows used in operating activities were €47,857 thousand, €43,310 thousand and €51,720 thousand for the years ended December 31, 2018, 2019 and 2020, respectively. Our operating cash flows before change in working capital increased over the years presented due to the launch of TRYbeCA-1 trial in September 2018. In 2018, the negative impact of the working capital was mainly due to significant advances payments made to suppliers as part of the launch of our TRYbeCA-1 trial. In 2019 and 2020, the positive impact of the working capital was mainly linked to accrued hospital costs; corresponding to the time delay between services rendered and the receipt of invoices.

Cash flows used in investing activities

We do not capitalize clinical research and development costs until we obtain marketing authorization for a product candidate.

(in thousands of €)	FOR THE YEAR ENDED DECEMBER 31,		
	2018	2019	2020
Acquisition of property, plant and equipment, net of disposal	(5,635)	(20,117)	(1,056)
Acquisition of intangible assets	(3)	(16)	(2)
Increase in non-current & current financial assets, net of decrease	(812)	295	(417)
Net cash flow used in investing activities	(6,450)	(19,838)	(1,475)

Our net cash flows used in investing activities were €6,450 thousand, €19,838 thousand and €1,475 thousand in the years ended December 31, 2018, 2019 and 2020, respectively.

The largest portion of our capital expenditures for the years presented related to the establishment of our manufacturing facility in Princeton, New Jersey, United States (€3.3 million in 2018, €18.5 million in 2019 and €0.8 million in 2020). These costs were capitalized in the amount of €11.9 million in 2018 and €10.6 million in 2019. This facility began the production of GMP-compliant clinical batches in 2019.

We also used cash to increase our manufacturing capacity in Lyon using €1.2 million in 2018 and €0.7 million in 2019.

The increase in financial assets related mainly to deposits paid on commercial leases and advance payments to suppliers.

Cash flows from (used in) financing activities

(in thousands of €)	FOR THE YEAR ENDED DECEMBER 31,		
	2018	2019	2020
Capital increases, net of transaction costs	—	—	118
Proceeds from borrowings, net of repayment	(818)	(738)	27,073
Repayment of lease liability, net of allowance received	—	888	(1,428)
Interests received (paid)	—	(195)	(326)
Other	—	85	12
Net cash flow from (used in) financing activities	(818)	40	25,449

Our net cash flows from (used in) financing activities were €(818) thousand in 2018, €40 thousand in 2019 and €25,449 thousand in 2020.

In 2020, proceeds from borrowing were primarily the result of the issuance of five tranches of convertible notes, in a total amount of €15.0 million (refer to section Item 10, section C. Material Contracts) and the collection of two loans in the form of State-Guaranteed Loan for €10.0 million.

5.B.3. Operating Capital Requirements

We believe that our existing cash and cash equivalents at of the date of this Annual Report will be sufficient to fund our operations until the fourth quarter 2021. If we take into account potential proceeds from the OCABSA Agreement, then we believe we could fund our operations until the first quarter 2022. 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. As a result, we should continue, in the short to mid-term, to be financed through partnership agreements for the development and commercialization of our drug candidates and through the issuance of new debt or equity instruments.

For more information as to the risks associated with our future funding needs, see the "Item 3.D.1 Risks Related to our Financial Position and Capital Needs".

5.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."

5.D. Trend Information

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

5.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.

5.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, 2020. Future events could cause actual payments and timing of payments to differ from the contractual cash flows set forth below.

(in thousands of €)	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Convertible notes	2,400	—	—	—	2,400
Conditional advances	—	—	—	4,421	4,421
Bank loans	98	3,945	3,984	2,071	10,098
Other financial liabilities	—	35	—	—	35
Lease liabilities	1,607	2,949	2,202	4,046	10,804
Trade and fixed assets payables	4,792	—	—	—	4,792
Total	8,897	6,929	6,186	10,538	32,550

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.

5.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.”

Item6. Directors, Senior Management and Employees.

6.A. Directors and Senior Management.

The following table sets forth information concerning our executive officers and directors as of the date of this Annual Report.

NAME	AGE	POSITION(S)
Executive Officers		
Gil Beyen	59	Chief Executive Officer and Director
Eric Soyer	54	Deputy General Manager, Chief Financial Officer and Chief Operating Officer
Jean-Sébastien Cleiftie ⁽¹⁾	47	Chief Business Officer
Iman El-Hariry, M.D., Ph.D. ⁽¹⁾	60	Chief Medical Officer
Jérôme Bailly, Pharm.D.	42	Deputy General Manager, Operations Chief Quality Officer and Qualified Person
Stewart Craig ⁽¹⁾	59	Chief Technical Officer
Anne-Cécile Fumey	46	Human Resources Director
Brian Schwab	56	VP, Legal Affairs & General Counsel
Françoise Horand	48	MSc – Director of Research and Development Operations
Non-Employee Directors		
Jean-Paul Kress, M.D. ⁽³⁾	55	Chairman of the Board
Sven Andréasson ⁽²⁾⁽³⁾⁽⁴⁾	68	Director
Philippe Archinard, Ph.D. ⁽²⁾⁽³⁾⁽⁵⁾	61	Director
Luc Dochez, Pharm.D. ⁽⁵⁾	46	Director
Martine Ortin George, M.D. ⁽⁵⁾	72	Director
Melanie Rolli, M.D. ⁽⁵⁾	48	Director
Hilde Windels ⁽²⁾⁽⁶⁾	55	Director

⁽¹⁾ Employee of our wholly-owned U.S. subsidiary, ERYTECH Pharma, Inc.

⁽²⁾ Member of the audit committee.

⁽³⁾ Member of the remunerations and appointment committee.

⁽⁴⁾ As representative of Galenos SPRL, the legal entity that holds this board seat.

⁽⁵⁾ Member of the clinical strategy committee.

⁽⁶⁾ 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).

Jérôme Bailly, Pharm.D. has served as our Qualified Person since December 2011, as our Director of Pharmaceutical Operations since 2007 until November 2020 when he was appointed Chief Quality Officer 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).

Dr. Stewart Craig, Ph.D has served as our Chief Technical Officer since November 2020. For the past 25 years, Dr. Craig has held executive level positions designing, implementing and operating the CMC and GMP manufacturing infrastructure for various pioneering cell and gene therapy companies worldwide, including as Chief Manufacturing Officer of Orchard Therapeutics from 2016 to 2019, SVP Technical Operations of Sangamo from 2014 to 2016, EVP Manufacturing & Regulatory at Stemcells Inc. from 2008 to 2014, Chief Technology Officer at PCT Cell Therapy Services from 2005 to 2008 and Chief Operating Officer at Xcyte Therapies from 1999 to 2005. Dr. Stewart also has extensive experience in the successful management of regulatory affairs for cell and gene therapy submissions in the United States, Canada and Europe. Dr. Craig holds a B.Sc. in Biochemistry and a Ph.D. in Physical Biochemistry from Newcastle University (U.K.).

Anne-Cécile Fumey was appointed as our Human Resources Director in February 2016. Prior to joining our company, Mrs. Fumey served within several high-growth blue-chip companies. She was International HR Director with Clasquin Group and Senior HR Manager at National Bank of Canada in Montréal. Anne-Cécile Fumey started her career with BD where she was responsible for Human Resources management at the European headquarters, then within the Pharmaceutical Systems business unit, before being appointed Compensation and Benefits Manager France. Mrs. Fumey graduated from the Grenoble Institute of Political Studies (IEP) and has a postgraduate degree (DESS) in Human Resources Management from the Grenoble Graduate School of Management (IAE).

Brian Schwab joined our company in January 2020 as VP, Legal Affairs & General Counsel and has over 25 years of French and US in-house and law firm experience. Prior to his appointment, he served as General Counsel to two Global Business Units at Solvay in Lyon from July 2012 to December 2019 and as Chief Licensing Officer and General Counsel at Scynexis, in North Carolina from March 2003 to June 2012. He previously served as Deputy General Counsel at Aventis CropScience from January 1999 to February 2003 and as Senior Legal Counsel at Rhone-Poulenc from May 1996 to December 1998. Mr. Schwab also worked as an attorney for Freshfields Bruckhaus Deringer in Paris from July 1993 to May 1996 and for Cooley LLP in Palo Alto, California from October 1989 to September 1992. Mr. Schwab received a B.A. from Cornell University, a law degree from the University of California – Los Angeles and a LL.M degree from the University of Maastricht in the Netherlands.

Françoise Horand joined our company in 2008. With 10 years' experience in toxicology and preclinical drug regulations obtained at MDS Pharma Services (now Charles River Laboratories), she was involved in putting together the R&D team when it started and launching the laboratory. She currently heads up the teams in charge of research projects as well as the research laboratory. Mrs. Horand holds a Master's degree in Biochemistry from the University of Lyon, and is also a graduate of the Ecole Pratique des Hautes Etudes in immunology.

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 Executive Vice-President, Technological Innovation and Scientific Partnerships at Institut Mérieux since January 1, 2021. Prior to his role at Institut Mérieux, he was appointed as General Manager and Chief Executive Officer and director of Transgene S.A. in December 2004 and chairman of the board of directors in June 2010 until December 2020. 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).

Melanie 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 Chief Executive Officer of Antelope Dx BV and Director of MDx Health NV and Celyad SA. Prior to her role as Antelope Dx BV, she was 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.

6.B. Compensation.

The aggregate compensation paid and benefits in kind granted by us to our current executive officers and directors was €2.8 million for the year ended December 31, 2020. The fair value of share-based compensation granted to our executive officers and director during the year ended December 31, 2020 amounted to €1.3 million. The total amount set aside or accrued to provide pension, retirement or similar benefits for our executive officers was €275 thousand for the year ended December 31, 2020. 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 28, 2018, June 21, 2019 and June 26, 2020, shareholders set the total annual amount of the remuneration to be distributed among non-employee directors at €280 thousand for 2018, €400 thousand for 2019 and €425 thousand for 2020. The following table sets forth information regarding the compensation allocated to our non-employee directors for service on our board of directors during the year ended December 31, 2020. Gil Beyen, our Chief Executive Officer, is a director but does not receive any additional compensation for his services as a director.

NAME	FEES	WARRANTS ⁽¹⁾	TOTAL
Jean Paul Kress	€ 79,500	€ 76,300	€ 155,800
Philippe Archinard	€ 66,000	€ —	€ 66,000
Luc Dochez	€ 43,500	€ —	€ 43,500
Galenos SPRL	€ 51,000	€ —	€ 51,000
Martine Ortin George	€ 51,000	€ —	€ 51,000
Hilde Windels BV	€ 51,000	€ —	€ 51,000
Melanie Rolli	€ 37,125	€ —	€ 37,125

⁽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.

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 (v) our Vice President and Director of Pharmaceutical Operations and Qualified Person, (vi) our Director of Research and Development Operations, (vii) our Human Resources Director, (viii) our VP, Legal Affairs & General Counsel and (ix) our Chief Technical Officer. 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 allocated during the year ended December 31, 2020 to:

- 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 (2)	BONUS	EQUITY AWARDS	ALL OTHER COMPENSATION	TOTAL
Gil Beyen <i>Chief Executive Officer</i>	€ 409,442 ⁽¹⁾	173,985 € ⁽³⁾⁽⁸⁾	€ 365,703 ⁽⁴⁾	€ 7,923 ⁽⁵⁾	€ 957,053
Jérôme Bailly <i>Deputy General Manager, Director of Pharmaceutical Operations and Qualified Person</i>	€ 174,258	43,350 € ⁽³⁾	€ 82,218 ⁽⁶⁾	€ 11,292 ⁽⁷⁾	€ 311,118
Eric Soyer <i>Deputy General Manager, Chief Financial Officer and Chief Operating Officer</i>	€ 266,531	77,350 €	€ 164,418 ⁽⁹⁾	€ 19,952 ⁽¹⁰⁾	€ 528,251
All other executive committee members	€ 1,094,725	278,938 €	€ 621,320	€ 25,295	€ 2,020,278

- (1) Of which \$341,296 (€299,042) are allocated 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 28,125 free shares and 105,000 stock options granted during the year ended December 31, 2020.
- (5) Reflects benefits in kind related to vehicle rentals.
- (6) Reflects the valuation of 23,438 free shares granted during the year ended December 31, 2020.
- (7) Reflects (i) €3,834 for benefits in kind related to vehicle rentals and (ii) €7,458 for retirement benefits.
- (8) Subject to approval of our shareholders at the next Annual General Meeting of Shareholders.
- (9) Reflects the valuation of 46,875 free shares granted during the year ended December 31, 2020.
- (10) Reflects (i) €5,797 for benefits in kind related to vehicle rentals and (ii) €14,155 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 2014 Plan, the 2016 Plan, the 2017 Plan, the 2018 Plan, the 2019 Plan and the 2020 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, 2020, employee warrants, non-employee warrants, employee stock options and free shares were outstanding allowing for the purchase of an aggregate of 2,249,941 ordinary shares at a weighted average exercise price of €9.36 (\$11.45) per ordinary share based on the exchange rate in effect as of such date (this weighted average exercise price does not include 760,505 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 ⁽³⁾
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, 2020	15,000	184,190
Total number of BSPCEs granted but not exercised as of December 31, 2020	16,910	—
Total number of shares available for subscription as of December 31, 2020	169,100	—
Maximum number of new shares that can be issued	169,100	—

⁽¹⁾ 22,500 BSPCE₂₀₁₄ 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 BSPCE₂₀₁₄ into 3,000 BSA₂₀₁₄.

⁽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.

⁽³⁾ On June 26, 2020, the board of directors acknowledged the lapse of 15,368 BSPCE 2012 following their expiration.

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, 2020, we have issued six types of share warrants as follows:

Plan title	BSA 2020	BSA 2019	BSA 2018	BSA 2017	BSA 2016	BSA 2014	BSA 2012
Meeting date	June 26, 2020	June 21, 2019	June 28, 2018	June 27, 2017	June 24, 2016	April 2, 2013	May 21, 2012
Dates of allocation	July 28, 2020	October 9, 2019	April 12, 2019	June 27, 2017 January 7, 2018	October 3, 2016 January 8, 2017	December 4, 2014 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	100,000	200,000	50,000	100,000	60,000	3,000(1)	11,263
Total number of BSAs granted	15,000	75,000	25,998	95,500	60,000	3,000	10,760
Start date for the exercise of the BSAs	July 28, 2022	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	(4)	All BSA2016 are exercisable since 8 January 2020	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	15,000 BSA2020 have been declared lapsed on 4 November 2020 by the Board of Directors	October 9, 2022	25,998 BSA2018 have been declared lapsed on October 9, 2019 by the Board of Directors	(5)	(2)	January 22, 2024	May 20, 2020
BSA exercise price per share	€6.97	€3.71	€6.82	(6)	(3)	€12.25	€7.36
Number of shares subscribed as of December 31, 2020	0	0	0	0	0	1,000	67,420
Total number of BSAs granted but not exercised as of December 31, 2020	0	75,000	0	81,250	45,000	2,900	0
Total number of shares available for subscription as of December 31, 2020	0	0	0	70,000	45,000	29,000	0
Maximum number of new shares that can be issued	0	75,000	0	81,250	45,000	29,000	0
BSA Expired (caducity)	15,000	0	25,998	14,250	15,000	0	4,018

(1) Reflects conversion of 3,000 BSPCE2014 into 3,000 BSA2014 pursuant to a decision of the board of directors on December 4, 2014.

(2) 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.

(3) €18.52 for the 45,000 BSA granted on October 3, 2016. €13.60 for the 15,000 BSA granted on January 8, 2017.

(4) All 55,000 BSA granted on June 27, 2017, are exercisable since 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 a from January 7, 2021.

(5) 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.

(6) €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, 400,000 under the 2019 Free Share Plan and the 2020 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, 2019 Free Share Plan and 2020 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 and the 2020 Free Share Plan is in five tranches: the first (32%) one year following the date of grant, the second (32%) two years following the date of grant, the third (32%) three years following the date of grant, the fourth (2%) four years following the date of grant and the fifth (2%) five years following the date 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, 2020, 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, 2020
AGA 2016 (under the 2016 Free Share Plan)					
October 3, 2016	AGA2016-03102016	Board of Directors	Executive Officers	59,001	—
October 3, 2016	AGA2016-03102016	Chief Executive Officer	Employees	52,260	—
January 8, 2017	AGA2016-08012017	Board of Directors	Executive Officers	15,000	—
June 27, 2017	AGA2016-27062017	Chief Executive Officer	Employees	8,652	—
October 3, 2017	AGA2016-03102017	Chief Executive Officer	Employees	16,650	—
January 7, 2018	AGA2016-07012018	Board of Directors	Executive Officers	40,500	40,500 ⁽¹⁾
AGA 2017 (under the 2017 Free Share Plan)					
June 27, 2017	AGA2017-27062017	Board of Directors	Executive Officers	45,000	—
June 27, 2017	AGA2017-27062017	Chief Executive Officer	Employees	29,475	—
January 7, 2018	AGA2017-07012018	Board of Directors	Executive Officers	27,000	13,500 ⁽²⁾
January 7, 2018	AGA2017-07012018	Chief Executive Officer	Employees	86,940	52,110 ⁽²⁾
AGA 2018 (under the 2018 Free Share Plan)					
January 6, 2019	AGA2018-06012019	Chief Executive Officer	Employees	36,150	30,750 ⁽³⁾
April 12, 2019	AGA2018-12042019	Chief Executive Officer	Executive Officers	36,000	26,000
April 12, 2019	AGA2018-12042019	Chief Executive Officer	Employees	58,200	50,500 ⁽⁴⁾
AGA 2019 (under the 2019 Free Share Plan)					
October 9, 2019	AGA2019-09102019	Board of Directors	Executive Officers	149,999	117,926
October 9, 2019	AGA2019-09102019	Board of Directors	Employees	150,942	130,889 ⁽⁵⁾
February 25, 2020	AGA2019-25022020	Chief Executive Officer	Employees	50,037	50,037 ⁽⁶⁾
AGA 2020 (under the 2020 Free Share Plan)					
July 28, 2020	AGA2020-28072020	Board of Directors	Executive Officers	98,438	98,438
July 28, 2020	AGA2020-28072020	Board of Directors	Employees	151,574	149,855 ⁽⁷⁾

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

- (1) On January 7, 2021, the Chief Executive Officer acknowledged that 40,500 free shares have lapsed following the non-achievement of the performance criteria.
- (2) On January 7, 2021, the Chief Executive Officer acknowledged that 65,610 free shares have lapsed following the non-achievement of the performance criteria.
- (3) On January 6, 2021, the Chief Executive Officer acknowledged the final acquisition of 1,699 free shares following the partial achievement of the performance criteria.
- (4) On February 25, 2021, the Chief Executive Officer acknowledged that 500 free shares have lapsed following the departure of certain employees.
- (5) On February 25, 2021, the Chief Executive Officer acknowledged that 749 free shares have lapsed following the departure of certain employees.
- (6) On February 25, 2021, the Chief Executive Officer acknowledged the final acquisition of 4,256 free shares following the partial achievement of the performance criteria.
- (7) On February 25, 2021, the Chief Executive Officer acknowledged that 625 free shares have lapsed following the departure of certain employees.

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, 700,000 under the 2019 Stock Option Plan and 500,000 under the 2020 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 and 2020 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, 2020, 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, 2020
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	—
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	9,000
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	31,389
SOP 2018 (under the 2018 Stock Option Plan)						
September 7, 2018	SOP2018-07092018	Board of Directors	Employees	24,000	€9.26	—
January 6, 2019	SOP2018-06012019	Chief Executive Officer	Employees	38,025	€6.38	21,450 ⁽¹⁾
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	50,125
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
October 9, 2019	SOP2019-09102019	Board of Directors	Employees	242,250	€4.25	201,500 ⁽²⁾
February 25, 2020	SOP2019-25022020	Chief Executive Officer	Employees	41,950	€5.87	40,950 ⁽³⁾
SOP 2020 (under the 2020 Stock Option Plan)						
July 28, 2020	SOP2020-28072020	Board of Directors	Executive Officers (Gil Beyen & J.P Kress)	135,000	€6.88	135,000
July 28, 2020	SOP2020-28072020	Board of Directors	Employees	239,000	€6.88	238,250 ⁽⁴⁾
November 13, 2020	SOP2020-13112020	Chief Executive Officer	Employees	75,000	€6.14	75,000

(1) On January 6, 2021 and February 25, 2021, the Chief Executive Officer acknowledged respectively that 975 and 1,950 stock options have lapsed following the departure of employees

(2) On January 6, 2021 and February 25, 2021, the Chief Executive Officer acknowledged respectively that 1,750 and 5,000 stock options have lapsed following the departure of employees.

(3) On February 25, 2021, the Chief Executive Officer acknowledged that 1,000 stock options have lapsed following the departure of employees.

(4) On January 6, 2021 and February 25, 2021, the Chief Executive Officer acknowledged respectively that 1,750 and 5,250 stock options have lapsed following the departure of employees.

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

6.C. Board Practices.

Prior to 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 eight 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 General Shareholders' Meeting decided on June 26, 2020 to ratify the appointment of Mrs. Melanie Rolli as Director for a three-year term. 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	2023
Hilde Windels BV represented by Hilde Windels ⁽³⁾	Director	2017	2023
Melanie Rolli	Director	2020	2023

⁽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 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.

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.

Furthermore, we follow French corporate governance practices in lieu of the Nasdaq corporate governance rules that require shareholder approval prior to specified issuances of securities. More specifically, Nasdaq Marketplace Rule 5635 requires a U.S. domestic listed company to obtain shareholder approval: (1) prior to the issuance of securities when the issuance or potential issuance will result in a change of control of the issuer; (2) prior to the issuance of securities in connection with a transaction other than a public offering involving the sale, issuance or potential issuance by the issuer alone, or together with sales by its officers, directors or substantial shareholders, of common stock (or securities convertible into or exercisable for common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value; and (3) prior to the issuance of securities when an equity compensation arrangement is made or materially amended, including prior to the issuance of common stock to the issuer’s officers, director, employees or consultants for less than the greater of book or market value. While French law requires a French company to obtain prior shareholder approval to issue shares, its shareholders may pre-authorize the company’s board of directors to issue shares such that shareholder approval is not required at the time of issuance.

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, Dr. Archinard and Dr. Rolli 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.

6.D. Employees.

As of December 31, 2020, we had 206 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,		
	2018	2019	2020
Function:			
Research and preclinical development	35	31	24
Clinical, medical and regulatory affairs	33	34	37
Pharmaceutical operations	20	26	29
Manufacturing and supply	41	82	76
Management and administration	37	38	35
Business development and licensing	6	6	5
Total	172	217	206
Geography:			
France	146	158	145
United States	26	59	61
Total	172	217	206

6.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

7.A. Major Shareholders

The following table and accompanying footnotes set forth, as of December 31, 2020, 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; 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, 2020 and options and warrants that are currently exercisable or exercisable within 60 days of December 31, 2020. Shares subject to free shares that vest within 60 days of December 31, 2020 and shares subject to warrants currently exercisable or exercisable within 60 days of December 31, 2020 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 20,057,562 of our ordinary shares (including ordinary shares in the form of ADSs) outstanding as of December 31, 2020. 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⁾	4,468,058	22.28 %
RA Capital Management LLC ⁽²⁾	2,000,000	9.97 %
Auriga Ventures III FCPR ⁽³⁾	1,147,522	5.72 %
Directors and Executive Officers:		
Gil Beyen ⁽⁴⁾	62,468	0.31 %
Eric Soyer ⁽⁵⁾	22,310	0.11 %
Jean-Sébastien Cleiftie ⁽⁶⁾	21,304	0.11 %
Iman El-Hariry ⁽⁷⁾	83,249	0.42 %
Jérôme Bailly ⁽⁸⁾	25,821	0.13 %
Stewart Craig	0	— %
Anne-Cécile Fumey ⁽⁹⁾	469	— %
Brian Schwab	0	— %
Françoise Horand ⁽¹⁰⁾	3,885	0.02 %
Jean-Paul Kress	0	— %
Galenos SPRL ⁽¹¹⁾	25,251	0.13 %
Philippe Archinard ⁽¹²⁾	35,550	0.18 %
Luc Dochez ⁽¹³⁾	25,250	0.13 %
Martine Ortin George ⁽¹⁴⁾	25,251	0.13 %
Hilde Windels BV ⁽¹⁴⁾	25,251	0.13 %
Melanie Rolli	0	— %
All directors and executive officers as a group (16 persons) ⁽¹⁵⁾	356,059	1.78 %

* 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 2,468 ordinary shares and 60,000 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.
- (5) Consists of 2,310 ordinary shares and 20,000 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.
- (6) Consists of 1,054 ordinary shares and 20,250 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.
- (7) Consists of 83,249 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.
- (8) Consists of 1,821 ordinary shares and 24,000 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.
- (9) Consists of 469 ordinary shares.
- (10) Consists of 385 ordinary shares and 3,500 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.
- (11) Consists of one ordinary share and 25,250 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.
- (12) Consists of 10,300 ordinary shares and 25,250 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.
- (13) Consists of 25,250 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.
- (14) Consists of one ordinary share and 25,250 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.
- (15) Consists of 18,810 ordinary shares and 337,249 ordinary shares issuable upon exercise of warrants that are exercisable within 60 days of December 31, 2020.

None of our principal shareholders have voting rights different than our other shareholders.

As of 8 March 2021, 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 20 holders of record including Bank of New York Mellon, the nominee of the Depositary Trust Company, which held approximately 8.40% 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.

7.B.Related Party Transactions.

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, we and 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 and Jean-Sebastien Cleiftie

In September 2015 and October 2016, respectively, we entered into employment agreements with Messrs. Soyer, and Cleiftie. Each employment agreement provides for an annual base salary and variable compensation in amounts up 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 Agreements with Françoise Horand, Anne-Cécile Fumey and Brian Schwab

In October 2008, February 2016 and January 2020, respectively, we entered into employment agreements with Mrs. Horand, Mrs. Fumey and Mr. Schwab.

Each employment agreement provides for an annual base salary and variable compensation in amounts ranging from 20% to 25% of the current base salaries, based upon achievement of specified performance objectives. These employment agreements do not provide any additional termination indemnity other than the one provided for by French law. Mrs. Horand and Mr. Schwab's agreements provide for a 18-month non-compete clause, whereby Mrs. Horand and Mr. Schwab are entitled to an amount equal to 33% of their average monthly remuneration over the last three months.

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 Stewart Craig

In November 2020, our U.S. subsidiary, ERYTECH Pharma, Inc., entered into an employment agreement with Dr. Craig that provides for an annual base salary and variable compensation in an amount up to 35% of his base salary, based upon achievement of specified performance objectives. The agreement also provides for severance pay in specified situations. In the event of Dr. Craig’s termination without cause (as defined in Dr.Craig’s employment agreement), he will be entitled to an amount equal to six months’ base salary during the first 24 months of employment, plus an additional three months’ base salary for each full year he has worked for us, up to a maximum of 12 months’ base salary in total. In connection with a change of control, if Dr. Craig is terminated within 12 months (a) by us, (b) by mutual agreement or (c) by his decision to resign after receiving an offer that is not at least equivalent to his position prior to the change in control, he will be entitled to a lump sum payment equal to one year’s salary plus bonus (under the condition that he would not be eligible for the other severance benefits described above).Upon termination for any reason, our company may request Dr. Craig to execute a non-competition agreement for a period of 12 months, whereby Dr. Craig 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.

His employment agreements also provide for severance pay in specified situations. In the event of the termination in the absence of gross negligence or willful misconduct, Mr. Bailly 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 Mr. Bailly 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, Mr. Bailly 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. The payment of the compensations 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.

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.

His employment agreement also provides for a 18-month non-compete clause, whereby Mr. Bailly is entitled to an amount equal to 33% of his average monthly remuneration over the last three months.

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

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 some of our 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.

7.C. Interests of Experts and Counsel.

Not applicable.

Item 8. Financial Information

8.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.

8.B. Significant Changes.

Not applicable.

Item 9. The Offer and Listing.

9.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.

9.B. Plan of Distribution.

Not applicable.

9.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.

9.D. Selling Shareholders.

Not applicable.

9.E. Dilution.

Not applicable.

9.F. Expenses of the Issue.

Not applicable.

Item 10. Additional Information.

10.A. Share Capital.

Not applicable.

10.B. Memorandum and Articles of Association.

Corporate Purpose (Article 3 of the Bylaws)

The Company's 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. The Company is 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.

The 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 the Company's shareholders by law and within the limit of the corporate purpose, the Company's board of directors is responsible for all matters relating to the successful operations of the Company, including but not limited to, social and environmental issues associated with the Company's activities, and, through its resolutions, governs matters involving the company.

Appointment and Term. The Company's 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, the Company seeks a balanced representation of women and men. The term of a director is 3 years, and directors may be re-elected at the Company's 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 the Company's 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 or placed with guardians, 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 the Company's charter and bylaws allow directors to attend meetings in person or, to the extent permitted by applicable law and with specified exceptions in the Company's bylaws, by videoconference or other telecommunications arrangements. The board of directors can also make decisions by way of written consultation under the conditions provided by law.

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 the Company and any director that is not entered into in the ordinary course of the Company's 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 the Company and

another company, except where such company is the Company's wholly owned subsidiary, if one of the Company's 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 the Company's directors has an indirect interest.

Directors' Compensation. Director compensation for attendance at board meetings 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 the Company's combined general meetings of shareholders held on June 28, 2018, June 21, 2019 and June 26, 2020, shareholders set the total annual attendance fees to be distributed among non-employee directors at €280 thousand for 2018, €400 thousand for 2019 and €425 thousand for 2020.

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. The Company's directors are not required to own any of the Company's shares.

Shareholder rights

Rights, Preferences and Restrictions Attaching to Ordinary Shares (Articles 9, 16, 30, 33 and 34 of the Bylaws)

Dividends. The Company may only distribute dividends out of the Company's distributable profits, plus any amounts held in the Company's reserves that the shareholders decide to make available for distribution, other than those reserves that are specifically required by law.

"Distributable Profits" consist of the Company's 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, the Company must allocate 5% of the Company's statutory net profit for each year to the Company's 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, the Company's board of directors may propose a dividend for approval by the shareholders at the annual ordinary general meeting.

Upon recommendation of the Company's board of directors, the Company's 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 the Company's 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 the Company's share capital plus the amount of the Company's legal reserves which may not be distributed was equal to €1,795,611.50 at June 26, 2020.

The Company's 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 the Company has 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.

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 the Company's 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 the Company's 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 the Company's bylaws. Ownership of one share implies, ipso jure, adherence to the Company's 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 the Company's 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, ordinary bearer shares are not eligible for double voting rights. Purchasers of ADSs or of ordinary shares deposited with the depository to receive ADSs, will be unlikely to meet the requirements to have double voting rights.

Under French law, treasury shares or shares held by entities controlled by the Company are not entitled to voting rights and do not count for quorum purposes.

Rights to Share in the Company's 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 the Company is 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 the Company's 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, the Company may acquire its own shares. Such acquisition may be challenged on the ground of market abuse regulations. However, Regulation (EU) No. 596/2014 of April 16, 2014 provides for safe harbor exemptions when the acquisition is made for one of the following purposes:

- to decrease the Company's 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 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
- the Company benefit from a simple exemption when the acquisition is made under a liquidity contract complying with the general regulations of, and market practices accepted by the French Financial Markets Authority (AMF).

All other purposes, and especially share buy-backs made for external growth operations in pursuance of Article L. 20-10-62 of the French Commercial Code, while not forbidden, must be pursued in strict compliance of market manipulation and insider dealing rules.

Under the Market Abuse Regulation 596/2014 of August 16, 2014 (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 the Company holding, directly or through a person acting on the Company's behalf, more than 10% of the Company's issued share capital. Shares repurchased by the Company continue to be deemed "issued" under French law but are not entitled to dividends or voting rights so long as the Company holds them directly or indirectly, and the Company may not exercise the preemptive rights attached to them.

Sinking Fund Provisions. The Company's 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 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 shareholders' meeting is authorized to amend any and all provisions of the Company's 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. The Company's 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 the Company sends to such shareholder either at the shareholder's request or at the Company's 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 the Company sends to such shareholder either at the shareholder's request or at the Company's initiative, or which the Company includes 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 the Company's website at least 21 days before the date of the meeting. The voting form must be recorded by the Company 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, ADS holders should carefully read the section in this exhibit titled "II. American Depositary Shares—Voting Rights."

Notice of Annual Shareholders' Meetings. Shareholders' meetings are convened by the Company's 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 the Company's 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 the Company's 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 the Company's bylaws, or with a voting by correspondence form alone, under the conditions specified in the Company's 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 the Company's current share capital, one or more shareholders representing 5% of the Company's 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 the Company's 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. Decisions are made by a majority of the votes cast by the shareholders present, or represented by proxy, or voting by mail. Abstentions will have the same effect of a "no" vote. 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. The Company's bylaws may only be amended by approval at an extraordinary shareholders' meeting. The Company's 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 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. Decisions are made by a two-thirds majority of the votes cast by the shareholders present, represented by proxy, or voting by mail. Abstentions will have the same effect of a "no" vote.

Limitations

Ownership of ADSs or Shares by Non-French Residents

Neither the French Commercial Code nor the Company's 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 the Company, including any purchase of the Company's 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 and telecommunications. etc., pursuant to Law n°2019-486 (and as from April 1, 2020 pursuant to the decree n°2019-1590). The French government has adapted this foreign investment control procedure in France within the context of the ongoing COVID-19 pandemic in two ways: (i) the inclusion, by a Ministerial order (arrêté) of April 27, 2020, of biotechnologies in the list of critical technologies and (ii) the addition, by a Decree (décret) of July 22, 2020 as amended by Decree n°2020-1729 of December 28, 2020, of the threshold of 10% of voting rights of a company subject to French law whose securities are listed on a stock exchange as triggering the control procedure. The Decree of July 22, 2020, as amended by the Decree of December 28, 2020, currently provides that this new 10% threshold will be effective until December 31, 2020 and a fast-track review procedure for foreign investments exceeding this threshold.

Foreign Exchange Controls

Under current French foreign exchange control regulations there are no limitations on the amount of cash payments that the Company 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

The Company's shareholders will have the preferential subscription rights described under "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 the Company's 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. The Company 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 the Company's securities in the United States will be unable to exercise any preferential subscription rights and their interests will be diluted. The Company is under no obligation to file any registration statement in connection with any issuance of new shares or other securities. The Company intends 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 the Company of enabling the exercise by holders of shares in the United States and ADS holders of the subscription rights, and any other factors the Company considers appropriate at the time, and then to make a decision as to whether to register the rights. The Company cannot guarantee that it will file a registration statement.

For holders of the Company's 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 herein titled "II. 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*" in the Company's Annual Report on Form 20-F to which this description is filed as an exhibit.

Provisions Having the Effect of Delaying, Deferring or Preventing a Change in Control of the Company

Provisions contained in the Company's bylaws and French corporate law could make it more difficult for a third-party to acquire the Company, even if doing so might be beneficial to the Company's 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 the Company, including any purchase of the Company's 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 Company's 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, including biotechnologies, 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°2019-1580 of December 31, 2019, as amended by decree (arrêté) of April 27, 2020). See “Limitations Affecting Shareholders of a French Company;”

- a merger (i.e., in a French law context, a share for share exchange following which the Company’s company would be dissolved into the acquiring entity and the Company’s shareholders would become shareholders of the acquiring entity) of the Company’s company into a company incorporated in the European Union would require the approval of the Company’s board of directors as well as a two-thirds majority of the votes cast by the shareholders present, represented by proxy or voting by mail at the relevant meeting;
- a merger of the Company’s company into a company incorporated outside of the European Union would require 100% of the Company’s shareholders to approve it;
- under French law, a cash merger is treated as a share purchase and would require the consent of each participating shareholder;
- the Company’s shareholders have granted and may grant in the future the Company’s board of directors broad authorizations to increase the Company’s share capital or to issue additional ordinary shares or other securities, such as warrants, to the Company’s shareholders, the public or qualified investors, including as a possible defense following the launching of a tender offer for the Company’s shares;
- the Company’s shareholders have preferential subscription rights on a pro rata basis on the issuance by the Company of any additional securities for cash or a set-off of cash debts, which rights may only be waived by the extraordinary general meeting (by a two-thirds majority vote) of the Company’s shareholders or on an individual basis by each shareholder;
- the Company’s 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 directors’ 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 the Company’s board of directors ;
- the Company’s board of directors can be convened by its chairman or its 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;
- the Company’s 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;
- the Company’s 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 cast 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;
- the Company’s 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 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 of the Company’s shareholders present, represented by a proxy or voting by mail at the meeting.

Disclosure of shareholdings

Declaration of Crossing of Ownership Thresholds (Article 9 of the Bylaws)

Any individual or legal entity referred to in Articles L. 233-7, L. 233-9 and L. 233-10 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 the event 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, alone or acting in concert, crossing 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.

Differences in Corporate Law

The Company is 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 the Company 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 <i>société anonyme</i> 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.
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.

	FRANCE	DELAWARE
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 (<i>mandataire ad hoc</i>) 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	<p>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.</p> <p>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 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 and, as the case may be, the email address to which they may send written questions.</p> <p>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 and conditions in which they can obtain voting forms by mail.</p>	<p>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.</p>

	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 <i>société anonyme</i> .	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.
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 cast by the shareholders present at the extraordinary general 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 meeting, each shareholder may individually either exercise, assign or not exercise its preferential subscription rights. Preferential subscription rights may only be exercised during the subscription period. In accordance with French law, the exercise period shall not be less than five trading days. Preferential subscription rights are transferable during a period equivalent to the subscription period but 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.	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	<p>Under French law, dividends may only be paid by a French <i>société anonyme</i> out of “<i>distributable profits</i>,” 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.</p> <p>“<i>Distributable profits</i>” 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.</p> <p>“<i>Distributable premium</i>” 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.</p> <p>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.</p>	<p>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.</p>
Repurchase of Shares	<p>Under French law, a corporation may acquire its own shares. Such acquisition may be challenged on the ground of market abuse regulations. However, the Market Abuse Regulation 596/2014 of April 16, 2014 (MAR) provides for safe harbor exemptions when the acquisition is made for the following purposes:</p> <ul style="list-style-type: none"> • to decrease its share capital with the approval of the shareholders at the extraordinary general meeting; • to meet obligations arising from debt securities, that are exchangeable into equity instruments; or • with a view to distributing the relevant shares to employees or managers under a profit-sharing, free share or share option plan. <p>All other purposes, and especially share buy-backs for external growth operations by virtue of Article L. 20-10-62 of the French Commercial Code, while not forbidden, must be pursued in strict compliance of market manipulation and insider dealing rules.</p> <p>Under the Market Abuse Regulation 596/2014 of April 16, 2014 (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.</p> <p>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.</p>	<p>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.</p>

	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: <ul style="list-style-type: none"> • 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.
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: <ul style="list-style-type: none"> • the approval of the board of directors; and • approval by a two-thirds majority of the votes cast 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 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: <ul style="list-style-type: none"> • 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.	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
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 (<i>intérêt social</i>). 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	<p>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.</p> <p>The plaintiff must remain a shareholder through the duration of the legal action.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
Amendment of Bylaws	<p>Under French law, only the extraordinary 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 shareholders meeting for this purpose, and subject, in both cases, to ratification by the next extraordinary shareholders' meeting.</p>	<p>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.</p>

Changes in Share Capital

Increases in Share Capital (Article 10 of the Bylaws). Pursuant to French law, the Company's share capital may be increased only with shareholders' approval at an extraordinary general shareholders' meeting following the recommendation of the Company's board of directors. The shareholders may delegate to the Company's 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 the Company's 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 the Company.

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 the Company's share capital requires shareholders' approval at an extraordinary general shareholders' meeting following the recommendation of the Company's 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 the Company issues 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, the Company's 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 meeting by a two-thirds vote of the Company's shareholders or individually by each shareholder. The Company's board of directors and its 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.

In the future, to the extent permitted under French law, the Company 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.

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.,

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*”.

10.C. Material Contracts.

The section below provides a summary of material contracts, for the two years immediately preceding this Annual Report.

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.

OCABSA Agreement with Alpha Blue Ocean

We entered into an agreement on June 24, 2020 (the "**OCABSA Agreement**") allowing the issuance for the benefit of the Luxembourg-based fund European High Growth Opportunities Securitization Fund, represented by its asset manager European High Growth Opportunities Manco SA., of 1,200 notes warrants (*bons d'émission*) (the "**Notes Warrants**" or "**BEOCABSA**") giving right to convertible notes into new and/or existing shares (the "**Notes**") with warrants attached (the "**Warrants**" and together with the Notes, the "**OCABSA**"), enabling a potential fund raising of up to EUR 60 million, subject to the regulatory limit of 20% dilution.

The main characteristics of the securities are described in the table below:

BEOCABSA	
Issuance date :	June 24, 2020, by decision of the Chief Executive Officer
Characteristics of the issuance	1,200 BEOCABSA issued for free for the benefit of European High Growth Opportunities Securitization Fund (the " Investor "), pursuant to the 25th resolution of the extraordinary general shareholder's meeting held on June 21, 2019
Condition of exercise:	by tranches until June 25, 2022, upon request of the Company, it being specified that the Investor shall have the right to request the issuance of two tranches at any moment. Any request for a drawdown by the Company will be subject to the satisfaction of certain conditions precedent, including (i) the fact that the Company's closing price on Euronext Paris has been 150% higher than the nominal value of the Company's shares for more than 60 Trading Days prior to the request, or (ii) the fact that the Company has a number of shares that may be issued corresponding to at least 175% of the number of shares issuable upon conversion of the outstanding Notes and of the Notes to be issued upon the drawdown request. Each exercise of a Note Warrant will give rise to the issuance of 60 Notes with 33,670 Warrants attached (or of 30 Notes with 16,835 Warrants attached in the event where the Company's capitalization is less than EUR 50 million for 20 consecutive trading days).
Number of exercised BEOCABSA	360, by tranches of 6, respectively on July 6, 2020, August 24, 2020, November 17, 2020, December 7, 2020, December 22, 2020 and March 2, 2021 (including 2 tranches issued upon request of the Investor) i.e. a total amount of EUR 18 million, resulting in the issuance of 360 Notes with 202 020 Warrants attached.
Number of outstanding BEOCABSA	840
Notes	
Nominal value :	EUR 3,000,000 by tranches (EUR 50,000 by Note)
Issuance conditions:	upon exercise of the Notes Warrants in one or more tranches of 60 Notes (or 30 Notes in the event where the Company's capitalization is less than EUR 50 million for 20 consecutive trading days), corresponding to a total nominal value of EUR 3 million (or EUR 1.5 million in case of issuance of a tranche of 30 Notes)
Interest:	No interest
Subscription price:	98% of their nominal value, i.e. EUR 2,940,000 by tranche (EUR 49,000 by Notes)
Maturity:	12 months from their issuance

Conversion into new shares	at the request of the holder, at any time from their issue until their maturity date, at the conversion ratio for a Note determined by the formula below: $N = V_n / P$, where: "N" is the number of Shares issue upon conversion of the Notes to be granted to the Note holders, "V _n " is the nominal value of a Note, i.e. EUR 50,000, of which the conversion is requested, "P" is the conversion price (the "Conversion Price") of a Note, i.e. the higher of (i) 95% of the volume-weighted average trading price of the Company's shares on Euronext Paris during the 3 consecutive trading days expiring on the Trading Day immediately preceding the conversion date, (ii) the nominal value of the share and (iii) the minimum issuance price of a share as provided in the Resolution (or any resolution that may succeed it), i.e., to date 80% of the volume-weighted average (in the central order book and excluding off-market block trades) of the Company's share price on Euronext Paris during the 3 trading sessions prior to the pricing of the issue price, it being specified that the theoretical value of the Warrants will be taken into account and that the Shareholder's Meeting has set at 10 million the maximum number of shares that may be issued.
Warrants	
Number of Warrants to be issued :	10 % of the nominal value of the issued Notes (i.e. 33,670 by tranche of 60 Notes and 16,835 by tranche of 30 Notes), detached from the OCABSA as from their issuance.
Condition of exercise:	exercise by the holder for a period of 5 years from the date of issue, each warrant giving the right to subscribe to one new share.
Exercise price:	8,91 €, representing a 20% premium of the lowest volume-weighted average price over the reference period preceding the issuance of the first tranche.

The use of the OCABSA Agreement as of the date of the Annual Report is described in the table below:

Operation	Date	Number of convertible notes	Number of shares issued upon conversion of convertible Notes	Operation	Date	Number of warrants	Number of shares issued upon conversion of warrants	Total number of shares issued
Tranche 1								
Issuance	07/06/2020	60		Issuance	07/06/2020	33 670		
Conversion		60	511 020					
Number of convertible notes outstanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			511 020	Number of shares issued			0	511 020
Tranche 2								
Issuance	08/24/2020	60		Issuance	08/24/2020	33 670		
Conversion		60	614 853					
Number of convertible notes outstanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			614 853	Number of shares issued			0	614 853
Tranche 3 (Resulting from Investor Call No. 1 dated 12 November 2020)								
Issuance	11/17/2020	60		Issuance	11/17/2020	33 670		
Conversion		60	475 442					
Number of convertible notes outstanding		0		Number of warrants outstanding		33 670		

Operation	Date	Number of convertible notes	Number of shares issued upon conversion of convertible Notes	Operation	Date	Number of warrants	Number of shares issued upon conversion of warrants	Total number of shares issued
Number of shares issued (1)			475 442	Number of shares issued			0	475 442
Tranche 4 (Resulting from Investor Call No. 2 dated 4 December 2020)								
Issuance	12/07/2020	60		Issuance	12/07/2020	33 670		
Conversion		60	408 163					
Number of convertible notes outstanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			408 163	Number of shares issued			0	408 163
Tranche 5								
Issuance	12/22/2020	60		Issuance	12/22/2020	33 670		
Conversion		60	421 447					
Number of convertible notes outstanding		0		Number of warrants outstanding		33 670		
Number of shares issued (1)			421 447	Number of shares issued			0	421 447
Tranche 6								
Issuance	03/02/2021	60		Issuance	03/02/2021	33 670		
Conversion		6	42 492					
Number of convertible notes outstanding		54		Number of warrants outstanding		33 670		
Number of shares issued (1)			42 492	Number of shares issued			0	42 492
Number of shares issued upon conversion of convertible Notes and exercise of warrants								2 473 417
Number of note warrants outstanding								840

(1) i.e an average parity of 1 Convertible Note for 8,517 new shares for tranche 1, 10,248 new shares for tranche 2, 7,924 new shares for tranche 3, 6,803 new shares for tranche 4, and 7,024 new shares for tranche 5.

As of the date of the Annual Report, we issued six tranches of €3.0 million (on July 6, 2020, August 24, 2020, November 17, 2020, December 7, 2020, December 22, 2020 and March 2, 2021), for a total amount of €18.0 million, for which 306 Notes were converted and no Warrants were exercised, as described in the table above.

Accordingly, we may decide to issue additional tranches up to a maximum of €42.0 million until June 2022, subject to the limit of 20% dilution, representing €30.0 million as of the date of this Annual Report based on a share price of €6.63 (closing share price on the day before the date of this Annual Report). It is specified that this maximum amount is not guaranteed and depends on a number of factors and conditions beyond our control.

We publish and update the monitoring table relating to the OCABSA Agreement on our website (https://erytech.com/wp-content/uploads/2021_03_05_ERY_Suivi_des_actions_OCABSA.pdf).

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.

10.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.

10.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 depository 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-000467-23/12/2020 issued on December 23, 2020. 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, 2020, 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). The list of non-cooperative State or territories is published by decree and is in principal updated annually. This list was last updated on

January 6, 2020, and currently includes, in addition to Panama, which was already included in the former version of this list, American Samoa, Anguilla, the Bahamas, the British Virgin Islands, Fiji, Guam, Oman, Samoa, Seychelles, Trinidad and Tobago, the United States Virgin Islands and Vanuatu. States referred to in Article 238-0 A 2 bis 2° of the FTC, and thus outside of the scope of Article 125 A III of the FTC, are currently American Samoa, Fiji, Guam, Oman, Samoa, Trinidad and Tobago and the United States Virgin Islands.

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, 2021, to be reduced to 25% as from 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 26,5% otherwise (the 26,5% rate for legal entities will be reduced to 25% as from 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 26,5% 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 depository with a treaty form (Form 5000) in accordance with the French guidelines (BOI-INT-DG-20-20-20-12/09/2012); or
- the depository 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 26,5%, 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 depository to all U.S. holders registered with the depository. The depository 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 26,5% 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 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 and holds the ADSs as a capital asset. 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 different from what is described below 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, assets, activities and market capitalization in 2020, the nature of our business and due to fluctuations in our stock price, we believe that we may have been characterized as a PFIC for our taxable year ended December 31, 2020. However, because our PFIC status is subject to a number of uncertainties and it is very early in the year, neither we nor our tax advisors can provide any assurances with respect to our PFIC status for the prior, current, or any future taxable year. Moreover, because the calculation of the value of our assets may be based in part on the value of our ADSs, the value of which may fluctuate considerably, our PFIC status may change from year to year and is difficult to predict. 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. 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.

If we are classified as a PFIC, 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 the ADSs and 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 will 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 will 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 is 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 of foreign tax withheld in respect of such distribution) 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 or 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's holding period exceeds 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, subject to generally applicable limitations. Generally, the credit is determined separately for different categories of income and 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 from foreign sources bears to such U.S. holder’s worldwide taxable income. For foreign tax credit limitation purposes, dividend distributions with respect to our ADSs generally will be treated as passive category income from foreign sources. 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 Depository 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*” above, 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.

10.F. Dividends and Paying Agents.

Not applicable.

10.G. Statement by Experts.

Not applicable.

10.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.

10.I. Subsidiary Information.

Not required.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Liquidity Risk

As of December 31, 2020, our cash and cash equivalents were €44.4 million (\$54.4 million) and were primarily cash and term deposits that are convertible into cash in approximately 30 days notice without penalty. We believe that our cash and cash equivalents as of December 31, 2020 with (i) the sale of shares under the ATM program in February 2021 for a gross amount of €6.6 million, (ii) the tranche of convertible notes issued in March 2021 for a gross amount of €3.0 million and (iii) the possibility of further use of the OCABSA agreement enable to cover our cash requirements until the first quarter 2022. 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. However, a significant portion of our expenses, financial assets and liabilities are denominated in U.S dollars and are exposed to changes in foreign currency exchange rates. We also entered into a license agreement with SQZ Biotechnologies in 2019 and any potential revenues pursuant to this agreement will be made in U.S. dollars.

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. A deterioration of the U.S dollar of the Euro could impact our financial statements as follows:

(in thousands)	As of December 31, 2020		Sensitivity		
	USD	EUR	+ 1 %	+ 5 %	+ 10 %
Financial assets	17,630	14,368	(142)	(684)	(1,306)
<i>of which cash and cash equivalents</i>	<i>17,285</i>	<i>14,086</i>	<i>(139)</i>	<i>(671)</i>	<i>(1,281)</i>
Financial liabilities	10,152	8,273	(82)	(394)	(752)

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.

Equity risk

The Company's exposure to equity risk is limited to its own shares and linked to the OCABSA agreement. The total amount that could be issued under this agreement is subject to the regulatory limit of 20% dilution. As the share price of the Company has an impact on the number of shares issued upon the conversion of the convertible notes, the possibility to raise up to €42.0 million will depend on the share price of the company. Based on the closing market price the day before the approval date of the Consolidated Financial Statements (€7.10), the Company could raise approximately €33.0 million. A change in the the share price used could change the amount that could be raised as follows:

(in millions of euros)	Sensitivity		
	- 20%	€7.10	+20%
Amount that could be raised	24.0	33.0	33.0

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 outstanding bank loans bear interest at a fixed rate, and therefore we are 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.

Item 12. Description of Securities Other than Equity Securities.

12.A. Debt Securities.

Not applicable.

12.B. Warrants and Rights.

Not applicable.

12.C. Other Securities.

Not applicable.

12.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 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.

An owner of ADSs may hold its ADSs either (1) directly (a) by having an ADR, which is a certificate evidencing a specific number of ADSs, registered in such owner's name, or (b) by having uncertificated ADSs registered in the owner's name in the Direct Registration System, or DRS, or (2) indirectly by holding a security entitlement in ADSs through the owner's broker or other financial institution that is a direct or indirect participant in the Depositary Trust Company, or DTC. If an owner of ADSs decides to hold its ADSs directly, such owner is a registered ADS holder, also referred to as an ADS holder. This description assumes all owners are an ADS holder. If an owner of ADSs decides to hold the ADSs indirectly, such owner must rely on the procedures of its broker or other financial institution to assert the rights of ADS holders described in this section. Such indirect holder should consult with its 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.

An ADS holder will not be treated as one of the Company's shareholders and such ADS holder will not have shareholder rights. French law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying each owner's ADSs. A holder of ADSs will have ADS holder rights. An amended and restated deposit agreement among the Company, the depositary and all 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. More complete information is contained in the amended and restated deposit agreement and the form of ADR. Members of the public may obtain copies of those documents from the SEC's website at www.sec.gov. A copy of the amended and restated deposit agreement is also filed as an exhibit to the Company's Annual Report on Form 20-F to which this description is also an exhibit.

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:

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$0.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to an ADS holder had been ordinary shares and the shares had been deposited for issue of ADSs

\$0.05 (or less) per ADS per calendar year

Registration or transfer fees

Expenses of the depositary

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

Any charges payable by the depositary, custodian or their agents in connection with the servicing of deposited securities

For:

- 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
- Any cash distribution to an ADS holder
- Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to an ADS holder
- Depositary services
- Transfer and registration of ordinary shares on the Company's share register to or from the name of the depositary or its agent when an ADS holder deposits or withdraws shares
- Cable (including SWIFT) and facsimile transmissions as expressly provided in the amended and restated deposit agreement
- Converting foreign currency to U.S. dollars
- As necessary
- 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 the Company 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 depository'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

ADS holders will be responsible for any taxes or other governmental charges payable on their ADSs or on the deposited securities represented by any of such holder's ADSs. The depository may refuse to register any transfer of a holder's ADSs or allow them to withdraw the deposited securities represented by such holder's ADSs until such taxes or other charges are paid. It may apply payments owed to ADS holders or sell deposited securities represented by such holder's ADSs to pay any taxes owed and such holder will remain liable for any deficiency. If the depository sells deposited securities, it will, if appropriate, reduce the number of ADSs registered in the ADS holder's name to reflect the sale and pay to such holder any net proceeds, or send such holder any property, remaining after it has paid the taxes. An ADS holder's obligation to pay taxes and indemnify the Company and the depository against any tax claims will survive the transfer or surrender of such 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.

Not applicable.

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, 2020. 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, 2020 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 two material weaknesses in our internal control over financial reporting related to: (i) 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 (ii) the lack of sufficiently developed and documented internal controls for our U.S. subsidiary. We believe that the 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, 2020.

In connection with our assessment as of December 31, 2020, our management concluded that the following two material weaknesses have not been remediated as of December 31, 2020.

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, we took number of actions to improve internal control over financial reporting related to our U.S subsidiary during years ended December 31, 2019 and December 31, 2020, including the following:

- We hired a vendor coordinator to reinforce the team dedicated to the monitoring of research and development projects for which process level controls have not been considered as effective in 2019 ; and
- We strengthened the controls over our research and development financial information to detect and correct errors in 2019 and some of which were still in the process of being implemented in 2020.

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 finalization of the implementation and the rolling out of the controls over our research and development financial information to detect and correct errors was necessary to fully remediate this material weakness.

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 years ended December 31, 2019 and December 31, 2020, including the following:

- analyzing the existing segregation of duties environment implemented in our U.S. subsidiary, identifying potential organizational conflicts due to the size of the team and when possible define mitigating controls;
- on-going design and implementation of effective controls over certain information technology (“IT”) systems relevant to the preparation of the consolidated financial statements, with a specific focus on users’ access controls.

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 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, 2020 at the reasonable assurance level.

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, 2020:

Monitoring of Research and Development Projects

Going forward, we plan to finalize of the implementation and the rolling out of the controls over our research and development financial information to detect and correct errors.

Lack of Effective Control Over IT System Supporting Financial U.S Activities

Going forward, we plan to:

- reinforce of our U.S. finance team by the recruitment of a new staff accountant to ensure a proper segregation of duties at an operational level
- keep implementing effective controls over certain information technology (“IT”) systems relevant to the preparation of the consolidated financial statements.

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 remediation activities described above, there were no changes in our internal control over financial reporting during the year ended December 31, 2020 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, 2019 and 2020. 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:

(in thousands of €)	Year Ended December 31,	
	2019	2020
Audit Fees	322	363
Audit-Related Fees	74	165
All Other Fees	—	—
Total	396	528

“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 2019 or 2020.

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.

Exhibit	Description	Incorporated by Reference			
		Schedule/ Form	File Number	Exhibit	File Date
1.1	Bylaws (statuts) of the registrant (English translation)				
2.1	Amended and Restated Deposit Agreement	F-3	333-248953	4.2	September 21, 2020
2.2	Form of American Depositary Receipt (included in Exhibit 2.1)	F-3	333-248953	4.2	September 21, 2020
2.3*	Description of Securities				
2.4	Sales Agreement, dated September 21, 2020, by and between the Registrant and Cowen and Company, LLC	F-3	333-248953	1.2	September 21, 2020

Exhibit	Description	Incorporated by Reference			
		Schedule/ Form	File Number	Exhibit	File Date
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†	Form of indemnification agreement between the registrant and each of its executive officers and directors	F-1	333-220867	10.11	October 6, 2017
4.13†	Summary of BSA Plans	F-1	333-220867	10.12	October 6, 2017
4.14†	Summary of BSPCE Plans	F-1	333-220867	10.13	October 6, 2017
4.15†	2016 Share Option Plan (English translation)	F-1	333-220867	10.14	October 6, 2017
4.16†	2016 Free Share Plan (English translation)	F-1	333-220867	10.15	October 6, 2017
4.17†	2017 Share Option Plan (English translation)	S-8	333-222673	99.5	January 24, 2018
4.18†	2017 Free Share Plan (English translation)	S-8	333-222673	99.6	January 24, 2018
4.19†	2018 Share Option Plan (English translation)	S-8	333-232670	99.2	July 16, 2019
4.20†	2018 Free Share Plan (English translation)	S-8	333-232670	99.3	July 16, 2019
4.21†	2018 BSA Subscription Plan (English translation)	S-8	333-232670	99.4	July 16, 2019
4.22†	2019 Share Option Plan (English translation)	20-F	001-38281	4.22	March 18, 2020
4.23†	2019 Free Share Plan (English translation)	20-F	001-38281	4.23	March 18, 2020
4.24†	2019 BSA Subscription Plan (English translation)	S-8	333-239429	99.4	June 25, 2020

Exhibit	Description	Incorporated by Reference			
		Schedule/ Form	File Number	Exhibit	File Date
4.25 [^]	License and Collaboration Agreement by and between the registrant and SQZ Biotechnologies Company, dated June 24, 2019	20-F	001-38281	4.24	March 18, 2020
4.26 [†]	Executive Employment Agreement by and between the registrant and Gil Beyen, dated as of April 1, 2019	20-F	001-38281	4.25	March 18, 2020
4.27 ^{†*}	2020 Share Option Plan				
4.28 ^{†*}	2020 Free Share Plan (English translation)				
4.29 ^{†*}	2020 BSA Subscription Plan				
4.30 ^{†*}	Agreement for the issuance of and subscription to warrants giving access to notes convertible into new and/or existing shares with share subscription warrants attached				
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 8, 2021

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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, 2020, 2019 and 2018, 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, 2020, 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, 2020, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Change in Accounting Principle

As discussed in Notes 4.2 and 4.10 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, 8 March 2021
KPMG Audit
A division of KPMG S.A.
Stéphane Devin
Partner

CONSOLIDATED STATEMENT OF INCOME (LOSS)

(Amounts in thousands of euros, except loss per share)	Notes	12/31/2018	12/31/2019	12/31/2020
Revenues		—	—	—
Other income	3.1	4,447	5,283	3,718
Operating income		4,447	5,283	3,718
Research and development	3.2.1	(33,468)	(52,193)	(57,580)
General and administrative	3.2.2	(14,600)	(17,164)	(14,970)
Operating expenses		(48,068)	(69,357)	(72,550)
Operating loss		(43,621)	(64,074)	(68,832)
Financial income	3.5	5,427	2,947	889
Financial expenses	3.5	(28)	(1,533)	(5,354)
Financial income (loss)		5,399	1,414	(4,465)
Income tax	3.6	(2)	1	(3)
Net loss		(38,224)	(62,659)	(73,300)
Basic / Diluted loss per share (€/share)	3.7	(2.13)	(3.49)	(3.99)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(Amounts in thousands of euros)	12/31/2018	12/31/2019	12/31/2020
Net loss	(38,224)	(62,659)	(73,300)
Elements that may be reclassified subsequently to income (loss)			
Currency translation adjustment	15	1,237	400
Elements that may not be reclassified subsequently to income (loss)			
Remeasurement of defined benefit liabilities	(60)	(38)	(19)
Tax effect	2	0	—
Other comprehensive income (loss)	(43)	1,199	381
Comprehensive income (loss)	(38,267)	(61,460)	(72,919)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of euros)	Notes	As of		
		December 31, 2018	December 31, 2019	December 31, 2020
ASSETS				
Non-current assets				
Intangible assets	4.1.1	1,613	603	589
Property, plant and equipment	4.1.2	15,274	25,632	20,862
Right of use	4.2	—	10,009	8,228
Other non-current financial assets	4.3	1,046	718	1,091
Total non-current assets		17,933	36,962	30,770
Current assets				
Other current financial assets	4.3	—	41	59
Inventories	4.4	1,396	358	—
Trade and other receivables	4.5	30	36	4
Other current assets	4.5	14,111	7,975	5,123
Cash and cash equivalents	4.6	134,371	73,173	44,446
Total current assets		149,908	81,583	49,632
TOTAL ASSETS		167,841	118,545	80,402

(Amounts in thousands of euros)	Notes	As of		
		December 31, 2018	December 31, 2019	December 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital		1,794	1,794	2,006
Premiums related to share capital		281,744	281,688	120,705
Reserves		(99,524)	(136,607)	(24,616)
Translation reserve		(188)	1,344	1,744
Net loss for the period		(38,224)	(62,659)	(73,300)
Total shareholders' equity	4.7	145,602	85,560	26,539
Non-current liabilities				
Provisions - non-current portion	4.8	347	506	652
Financial liabilities – non-current portion	4.9	1,243	1,321	14,379
Derivative liabilities - non current portion	4.9.1	—	—	288
Lease liabilities - non-current portion	4.10	—	11,278	9,197
Deferred tax		—	—	—
Total Non-current liabilities		1,590	13,105	24,516
Current liabilities				
Provisions - current portion	4.8	—	71	—
Financial liabilities – current portion	4.9	776	99	2,265
Derivative liabilities - current portion	4.9.1	—	—	129
Lease liabilities - current portion	4.10	—	1,425	1,607
Trade and other payables	4.11	16,656	13,775	20,910
Other current liabilities	4.11	3,217	4,510	4,436
Total current liabilities		20,649	19,880	29,347
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		167,841	118,545	80,402

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in thousands of euros)

	Notes	12/31/2018	12/31/2019	12/31/2020
Cash flows from operating activities				
Net loss		(38,224)	(62,659)	(73,300)
Reconciliation of net loss and the cash used for operating activities				
Gain or loss on exchange		(3,965)	(673)	3,028
Amortization and depreciation	3.4	797	4,216	4,991
Provision	3.4	73	192	57
Change in fair value of derivative liabilities		—	—	(652)
Expenses related to share-based payments	3.3	2,449	1,359	1,179
Gain or loss on disposal	4.1.2	—	42	22
Interest expense (income)		4	484	2,150
Income tax expense (income)	3.6	2	(1)	3
Operating cash flow before change in working capital		(38,864)	(57,040)	(62,522)
(Increase) decrease in inventories	4.4	(1,219)	1,038	358
(Increase) decrease in trade and other receivables	4.5	47	(7)	33
(Increase) decrease in other current assets	4.5	(8,321)	6,150	2,829
Increase (decrease) in trade and other payables	4.11	(8)	5,993	6,913
Increase (decrease) in other current liabilities	4.11	508	556	669
Change in working capital		(8,993)	13,730	10,802
Net cash flow used in operating activities		(47,857)	(43,310)	(51,720)
Cash flows from investing activities				
Acquisition of property, plant and equipment		(5,635)	(20,117)	(1,139)
Acquisition of intangible assets	4.1.1	(3)	(16)	(2)
Increase in non-current & current financial assets		(812)	(119)	(421)
Disposal of property, plant and equipment		—	—	83
Decrease in non-current & current financial assets	4.3	—	414	4
Net cash flow used in investing activities		(6,450)	(19,838)	(1,475)
Cash flows from financing activities				
Capital increases, net of transaction costs	4.7	—	—	118
Subscription of warrants		—	47	12
Proceeds from borrowings, net of transaction costs	4.9	—	—	27,134
Repayment of borrowings	4.9	(818)	(738)	(62)
Allowance received from a lessor	4.1	—	1,866	188
Repayment of lease liability (IFRS 16)	4.1	—	(978)	(1,615)
Interests received (paid)		—	(195)	(326)
Other change in financial liabilities	4.9	—	38	—
Net cash flow from (used in) financing activities		(818)	40	25,449
Exchange rate effect on cash in foreign currency		3,981	1,910	(981)
Increase (Decrease) in cash and cash equivalents		(51,144)	(61,198)	(28,727)
Net cash and cash equivalents at the beginning of the period	4.6	185,515	134,371	73,173
Net cash and cash equivalents at the closing of the period	4.6	134,371	73,173	44,446
Cash paid for interest		14	195	326
Cash paid for income tax		—	—	—

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, 2017	1,794	281,744	(68,385)	(203)	(33,530)	181,420
Net loss for the period					(38,224)	(38,224)
Other comprehensive income			(58)	15		(43)
Total comprehensive income (loss)	—	—	(58)	15	(38,224)	(38,267)
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	281,744	(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 ordinary shares						—
Issue of warrants		59				59
Share-based payment			1,359			1,359
Reclassification		(115)	(180)	295		—
At December 31, 2019	1,794	281,688	(136,607)	1,344	(62,659)	85,560
Net loss for the period					(73,300)	(73,300)
Other comprehensive income			(19)	400		381
Total comprehensive income (loss)	—	—	(19)	400	(73,300)	(72,919)
Allocation of prior period loss (2)		(54,208)	(8,451)		62,659	—
Allocation of reserves on premiums (2)		(119,282)	119,282			—
Issue of ordinary shares (1)	212	12,507				12,719
Issue of warrants						0
Share-based payment			1,179			1,179
At December 31, 2020	2,006	120,705	(24,616)	1,744	(73,300)	26,539

(1) Includes €12,600 thousand linked to the conversion of convertible notes (refer to note 4.9.1).

(2) In accordance with the decision of the shareholders meeting dated June 26, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 5, 2021.

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 on the Nasdaq Global Select Market in November 2017, raising €124.0 million (\$144.0 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 €26,539 thousand as of December 31, 2020 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. The COVID-19 pandemic and the measures decided by the governments of the countries in which the Company operates have resulted in a delay of 3 to 4 months in patient enrollment in the TRYbeCA-1 trial and thus in the interim analysis. The end of recruitment and interim analysis occurred in December 2020 and February 2021, respectively.

Substantial additional financing will be needed by the Company to fund its operations and to commercially develop its product candidates. The situation on the financial markets and the delay in the TRYbeCA-1 trial due to the COVID-19 pandemic may impair the ability of the Company to raise capital when needed or on attractive terms.

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 2020

Business

February 2020:

- The Company received from Bpifrance a reimbursable advance of €2,979 thousand and a subsidy of €294 thousand (recorded in 2019) under the milestone n°6 of the TEDAC project.
- The Company entered into a strategic partnership with the German Red Cross Blood Donor Service Baden-Württemberg-Hessen (GRCBDS) for the supply of donor red blood cells to manufacture its product candidates, including eryaspase, in Europe and to complement the existing alliance with the French Blood Bank (EFS).

March 2020:

- The TRYbeCA-1 trial has continued to progress despite the challenges caused by the impact of the COVID-19 global pandemic, and patient enrollment has continued notwithstanding the increasing difficulties experienced by hospitals to organize the proper treatment and follow-up.
- The independent data monitoring committee (IDMC) of the TRYbeCA-1 trial reviewed the safety data of the first 320 patients enrolled and treated. In line with the two earlier safety reviews of the trial, no safety issues were identified, and the IDMC recommended the Company to continue the trial as planned.

April 2020:

- The U.S. Food and Drug Administration (FDA) has granted the Company Fast Track Designation for the development of eryaspase as a second-line treatment of patients with metastatic pancreatic cancer.

May 2020:

- The Company announced it will be part of EVIDENCE, a public-private consortium supported by the European Union in the framework of the EU Horizon 2020 program. The EVIDENCE consortium, consisting of leading experts in the field of red blood cell research, will explore how red blood cells are influenced by their extra-cellular environment.

June 2020:

- The Company announced that the ongoing Phase 2 clinical trial, sponsored by the Nordic Society of Paediatric Haematology and Oncology (NOPHO) of eryaspase in second-line acute lymphoblastic leukemia (ALL) patients has reached its target enrollment of 50 patients. Preliminary findings of the trial suggest that eryaspase achieved the target level and duration of asparaginase activity in these patients. Moreover, the addition of eryaspase to the combination chemotherapy was associated with an acceptable tolerability profile, enabling the majority of these patients to receive their fully intended courses of asparaginase. Recent data have confirmed that discontinuation of asparaginase therapy in ALL patients has been associated with inferior disease free survival.
- The Company signed a financing agreement with Luxembourg-based European High Growth Opportunities Securitization Fund, represented by its asset manager European High Growth Opportunities Manco SA (entities related to Alpha Blue Ocean), in the form of convertible notes with share subscription warrants attached ("OCABSA"), allowing a potential financing arrangement of up to a maximum of €60 million, subject to the regulatory limit of 20% dilution.

July/August 2020:

- As part of the convertible notes' agreement signed in June 2020, the Company issued two tranches of €3 million each (60 OCABSA) on July 6, 2020 and on August 24, 2020, respectively.

September 2020:

- The Company established a financing facility with the implementation of an at-the-market program on Nasdaq with Cowen allowing the Company to issue and sell ordinary shares in the form of American Depositary Shares ("ADSs"), to eligible investors at market prices, with aggregate gross sales proceeds of up to \$30 million (subject to a regulatory limit of 20% dilution), from time to time, pursuant to the terms of a sales agreement.

November 2020:

- The Company received two loans of €5.0 million each, in the form of State-Guaranteed Loan (Prêt Garanti par l'Etat, or PGE, in France) with Bpifrance and Société Générale in the context of the COVID-19 pandemic.

November/December 2020:

- As part of the convertible notes' agreement signed in June 2020, the Company issued three tranches of €3.0 million each (60 OCABSA) on November 17, 2020, December 7, 2020 and December 22, 2020, respectively.

December 2020:

- The Company announced positive results from eryaspase Phase 2 Trial in Acute Lymphoblastic Leukemia ("ALL"). The study confirms the potential of eryaspase as an attractive treatment option for ALL patients with hypersensitivity to PEG-asparaginase. The Phase 2 NOR-GRASPALL-2016 trial evaluated the safety and pharmacological profile of eryaspase in ALL patients who had previously experienced hypersensitivity reactions to pegylated asparaginase therapy. The trial was conducted by the Nordic Society of Pediatric Hematology and Oncology (NOPHO). Primary objectives of the trial were asparaginase enzyme activity and safety. Both endpoints were met.
- The Company announced the completion of enrollment in the TRYbeCA-1 Phase 3 trial in second-line pancreatic cancer.

Management

March 2020:

- Appointment of Melanie Rolli, M.D., as member of the Company's Board of Directors.

October 2020:

- Appointment of Stewart Craig as Chief Technical Officer

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 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:

- Eric Soyer was appointed as Deputy General Manager of the Company.

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.

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).

2. ACCOUNTING RULES AND METHODS

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 notes.

At the approval date of the financial statements, the Board of Directors believes that the Company will be able to fund its operations until the first quarter 2022, considering:

- Cash and cash equivalents held by the Company amounted to €44.4 million as of December 31, 2020. They are composed of cash and term deposits readily available without penalty;
- Shares sold under the at-the-market ("ATM") program in February 2021, for gross proceeds of approximately €6.6 million ;
- The issuance of a tranche of convertibles notes of €3.0 million in March 2021, as part of the financing agreement signed with Luxembourg-based European High Growth Opportunities Securitization Fund
- The possibility of further use of this financing agreement allowing a potential fundraising up to a maximum of €42.0 million until June 2022, subject to the regulatory limit of 20% dilution, representing approximately €33.0 million based on the closing market price the day before the approval date of the Consolidated Financial Statements (€7.10).

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 this date, 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.

The Consolidated Financial Statements have been prepared in accordance with the historical cost principle with the exception of certain categories of assets and liabilities measured at fair value in accordance with IFRS.

All amounts are expressed in thousands of euros, unless stated otherwise.

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 5, 2021. They will be subject to the approval of the General Meeting on June 25, 2021.

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, 2020, 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 in the corresponding notes. These methods were used for all periods presented.

The Company adopted the following standards, amendments and interpretations that are applicable as at January 1, 2020:

- Amendments to *References to the conceptual framework in IFRS standards* ;
- Amendments to IAS 1 and IAS 8: *Definition of "material"*;
- Amendments to IFRS 3: *Definition of a business*;
- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest rate benchmark reform (phase 1)*.

These new texts did not have any significant impact on the Company’s results or financial position.

The standards and interpretations that are optionally applicable to the Company as of December 31, 2020 were not applied in advance.

Recently issued accounting pronouncements that may be relevant to the Company’s operations are as follows:

- Amendment to IFRS 16 : *Covid 19-Related rent concessions*;
- Amendments to IAS 1 : *Classification of liabilities as current or non-current*;
- Amendments to IAS 16 : *Property, Plant and Equipment - Proceeds before intended use* .
- Amendments to IAS 37 : *Onerous contracts - cost of fulfilling a contract*
- Annual Improvements 2018-2020.

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 intercompany balances, transactions and dividends are eliminated in full. The Company has one subsidiary for which no non-controlling interest is recognized.

	<u>Date of Incorporation</u>	<u>Percent of Ownership Interest</u>	<u>Accounting Method</u>
ERYTECH Pharma, Inc.	April 2014	100%	Consolidated

There was no change in the consolidation scope over the years presented.

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)	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>
Weighted average rate	1.1815	1.1196	1.1413
Closing rate	1.1450	1.1234	1.2271

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.

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:

- the share-based payments in accordance with IFRS 2 (see note 3.3.3);
- the fair value of the convertible notes' agreement and its classification in accordance with IFRS 9 and IAS 32 (see note 4.9.1);
- the hospital costs accrual (see note 4.11).

2.6 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. The detail of the expenses by nature is disclosed in note 3.2.

2.7 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, investing, and financing activities.

2.8 Segment reporting

In accordance with IFRS 8 *Operating Segments* ("**IFRS 8**"), 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)	12/31/2018	12/31/2019	12/31/2020
France	72	105	61
United States	—	969	185
Total	72	1,074	246

Non current assets (amounts in thousands of euros)	12/31/2018	12/31/2019	12/31/2020
France	4,912	9,616	8,414
United States	11,975	26,629	21,265
Total	16,887	36,245	29,679

2.9 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.

January 2021:

- The Company announced the first patient enrolled in a Phase 1 investigator sponsored trial (IST), named rESPECT, of eryaspase for the first-line treatment of pancreatic cancer. The rESPECT Phase 1 IST will be conducted by Dr Marcus Noel (Associate Professor of Medicine at Georgetown University, Washington DC, USA). The trial will enroll patients who have received no prior chemotherapy for the treatment of locally advanced or metastatic pancreatic cancer.

February 2021:

- The Company sold 744,186 shares under the at-the-market (“ATM”) program, for gross proceeds of approximately €6.6 million (\$8.0 million).

March 2021:

- As part of the convertible notes’ agreement signed in June 2020, the Company issued a tranche of €3.0 million (60 OCABSA) on March 2, 2021.

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

For each of its partnership agreements, the Company determines if it acts as a principal or as an agent in accordance with IFRS 15 *Revenue from contracts with customers* ("IFRS 15").

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 (\$1.0 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.

(amounts in thousands of euros)	12/31/2018	12/31/2019	12/31/2020
Research Tax Credit	4,375	3,915	3,430
Subsidies	—	294	42
Revenues from licenses or other contracts	72	1,074	246
Total	4,447	5,283	3,718

Revenues from licenses or other contracts

Revenues from licenses or other contracts in 2019 are mainly linked to the license agreement signed with SQZ Biotechnologies (see note 7).

3.2 Operating expenses by nature

3.2.1 Research and development expenses

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	68
Total	9,502	23,966	33,468

For the year ended December 31, 2019 (amounts in thousands of euros)	R&D	Clinical studies	Total
Consumables	668	6,340	7,008
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 and amortization	307	3,229	3,536
Other	50	40	90
Total	7,795	44,398	52,193

For the year ended December 31, 2020 (amounts in thousands of euros)	R&D	Clinical studies	Total
Consumables	54	6,732	6,786
Rental and maintenance	117	1,162	1,279
Services, subcontracting and fees	1,099	28,487	29,586
Personnel expenses	2,268	13,361	15,629
Depreciation, amortization & provision	283	3,951	4,234
Other	25	41	66
Total	3,846	53,734	57,580

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 depreciation, amortization & provision between 2018 and 2019 related mainly to :
 - the recognition of an impairment in 2019 on a production process recognized in intangible asset (see note 4.1.1),
 - the commissioning of the Princeton, New Jersey manufacturing facility in the second half of 2019;
- 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)	12/31/2018	12/31/2019	12/31/2020
Consumables	33	527	224
Rental and maintenance	1,584	1,117	1,070
Services, subcontracting and fees	5,409	7,964	5,962
Personnel expenses	5,925	6,331	6,573
Depreciation and amortization	529	751	686
Other	1,120	474	455
Total	14,600	17,164	14,970

The significance of services, subcontracting and fees in 2019 is mainly due to costs incurred as part of the establishment of the Princeton manufacturing facility.

3.3 Personnel expenses

3.3.1. 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	7,281
Share-based payments (employees and executive management)	334	824	1,158
Social security expenses	792	1,684	2,475
Total personnel expenses	3,013	7,901	10,914

For the year ended December 31, 2019 (amounts in thousands of euros)	R&D	Clinical studies	Total
Wages and salaries	2,029	8,893	10,922
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

For the year ended December 31, 2020 (amounts in thousands of euros)	R&D	Clinical studies	Total
Wages and salaries	1,579	9,886	11,465
Share-based payments (employees and executive management)	24	507	531
Social security expenses	665	2,968	3,633
Total personnel expenses	2,268	13,361	15,629

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 99 in 2018, 156 in 2019 and 166 in 2020.

3.3.2. General and administrative expenses

General and administrative expenses (amounts in thousands of euros)	12/31/2018	12/31/2019	12/31/2020
Wages and salaries	3,721	4,376	4,393
Share-based payments (employees and executive management)	849	522	532
Social security expenses	1,355	1,433	1,648
Total personnel expenses	5,925	6,331	6,573

The weighted average full-time employees (FTE) was 39 in 2018, 41 in 2019 and 41 in 2020.

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 granted 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) and Monte-Carlo valuation model (for AGA 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

In the event of a beneficiary departure from the Company for any reason whatsoever, this beneficiary shall retain the BSPCE₂₀₁₄ 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 BSPCE₂₀₁₄ to which the beneficiary has a right, the BSPCE₂₀₁₄ will be forfeited. In this situation, the BSPCE₂₀₁₄ 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	BSA2012	BSA2014	BSA2016	BSA2017	BSA2019
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

The main assumptions used to determine the fair value of the plans granted in 2018, 2019 and 2020 are:

	Grant in January 2018	Grant in October 2019
Number of warrants	40,500 BSA2017	75,000 BSA2019
Exercise price	€ 18.00	€ 3.71
Price of the underlying share	€ 18.00	€ 3.78
Expected dividends	0.00 %	0.00 %
Volatility (1)	43.94 %	33.41 %
Expected term	T1 : 5.5 years T2 : 6 years T3 : 6.5 years	2.5 years
Fair value of the plan (in thousands of euros) (2)	300	59

(1) based on the historical volatility observed on the ERYIP index on Euronext

(2) BSA were granted at fair value in October 2019. Therefore, no expense was recognized under IFRS 2.

Stock options ("SO") plan

Types of securities	SO2016	SO2017	SO2018	SO2019	SO2020
Vesting period (identical for all plans)			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	Depending of the grant date February-2030 July-2030

The main assumptions used to determine the fair value of the plans granted in 2018, 2019 and 2020 are:

	Grant in January 2018	Grant in September 2018	Grant in January 2019
Number of options	97,203 SO2017	24,000 SO2018	38,025 SO2018
Exercise price	€ 18.00	€ 9.26	€ 6.38
Price of the underlying share	€ 18.00	€ 8.75	€ 6.38
Expected dividends	0.00 %	0.00 %	0.00 %
Volatility (1)	43.94 %	41.59 %	41.88 %
Expected term		T1 : 6 years T2 : 6.5 years	
Fair value of the plan (in thousands of euros)	731	80	97

	Grant in April 2019	Grant in July 2019	Grant in October 2019
Number of options	76,905 SO2018	59,123 SO2019	347,250 SO2019
Exercise price	€ 7.20	€ 5.78	€ 4.25
Price of the underlying share	€ 7.20	€ 5.81	€ 3.78
Expected dividends	0.00 %	0.00 %	0.00 %
Volatility (1)	41.65 %	41.00 %	40.69 %
Expected term		T1 : 6 years T2 : 6.5 years	
Fair value of the plan (in thousands of euros)	217	131	447

	Grant in February 2020	Grant in July 2020	Grant in November 2020
Number of options	41,950 SO2019	374,000 SO2020	75,000 SO2020
Exercise price	€ 5.87	€ 6.88	€ 6.14
Price of the underlying share	€ 5.51	€ 6.56	€ 6.37
Expected dividends	0.00 %	0.00 %	0.00 %
Volatility (1)	41.35 %	43.41 %	44.32 %
Expected term		T1: 6 years T2 : 6.5 years	
Fair value of the plan (in thousands of euros)	84	951	199

(1) based on the historical volatility observed on the ERYP index on Euronext

Free shares ("AGA") plan

Types of securities	AGA2017	AGA2018	AGA2019	AGA2020
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 4 : 4 years Tranche 5 : 5 years	

The main assumptions used to determine the fair value of the plans granted in 2018, 2019 and 2020 are:

	Grant in January 2018	Grant in January 2019	Grant in April 2019
Number of shares	40,500 AGA2016 113,940 AGA2017	36,150 AGA2018	94,200 AGA2018
Price of the underlying share	€ 18.00	€ 6.38	€ 7.20
Expected dividends	0.00 %	0.00 %	0.00 %
Volatility	42.17 %	38.22 %	36.32 %
Repo margin	5.00 %	5.00 %	5.00 %
Maturity	3 years	3 years	3 years
Performance criteria	(2)	(2)	(2)
ERYP	€ 20.12	€ 6.54	€ 7.52
Performance multiple ("PM")	2	2	2
Fair value of the plan (in thousands of euros)	1,145	102	269

	Grant in October 2019	Grant in February 2020	Grant in July 2020
Number of shares	300,941 AGA2019	50,037 AGA2019	250,012 AGA2020
Price of the underlying share	€ 3.78	€ 5.51	€ 6.56
Expected dividends	0.00 %	0.00 %	0.00 %
Volatility	38.76 %	38.55 %	42.23 %
Repo margin	5.00 %	5.00 %	5.00 %
Maturity	5 years	5 years	5 years
Performance criteria	(2)	(2)	(2)
ERYP	€ 4.25	€ 5.87	€ 6.88
Performance multiple ("PM")	3	2.17	2
Fair value of the plan (in thousands of euros)	434	133	877

(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

- $TR_i = (ERYP_i - ERYP) / (ERYP \times (PM - 1))$ with $ERYP_i$:
 - average price of the 40-quoted market share price days before the acquisition date for grants until April 2019 ;
 - 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% for grants from October 2019.
- If $TR_i \leq 0\%$ no shares granted are acquired
- If $TR_i > 100\%$ all the shares granted are acquired
- If $0\% < TR_i < 100\%$ shares granted are acquired following the TR_i percentage

Breakdown of expenses per financial year

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
AGA	1,371	727	644	—
BSA	442	—	—	442
SO	636	416	220	—
Total	2,449	1,143	864	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
AGA	688	305	383	—
BSA	125	—	—	125
SO	546	296	249	—
Total	1,359	601	633	125

Plan name	Amount in P&L in euros thousands as of December 31, 2020	of which employees	of which executive officers and executive committee	of which board members
AGA	537	298	239	—
BSA	43	—	—	43
SO	599	189	410	—
Total	1,179	487	649	43

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, 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
Granted	—	€ —
Forfeited	(19,386)	€ 73.60
Exercised	(1,608)	€ 73.60
Outstanding at December 31, 2020	19,810	€ 122.50
Exercisable at December 31, 2020	19,810	€ 122.50

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, 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
Granted	505,950	€ 6.69
Forfeited	(111,860)	€ 9.53
Exercised	—	€ —
Outstanding at December 31, 2020	1,291,336	€ 8.91
Exercisable at December 31, 2020	236,525	€ 21.28

	Number of outstanding free shares
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
Granted	300,049
Forfeited	(181,146)
Acquired	(6,743)
Outstanding at December 31, 2020	760,505

As of December 31, 2020, the outstanding equity instruments could lead to the issuance of 2,249,941 potential shares.

3.4. Depreciation, amortization and provisions

(amounts in thousands of euros)	12/31/2018	12/31/2019	12/31/2020
Amortization and depreciation of intangible assets	40	1,053	16
Depreciation of property, plant and equipment	749	1,797	3,457
Depreciation of the right of use	—	1,366	1,518
Total amortization and depreciation	789	4,216	4,991
Provision (reversal)	—	71	(71)
Total amortization, depreciation & provisions	789	4,287	4,920

3.5. Financial income (loss)

Accounting policies

Financial income (loss) includes mainly:

- Amortized costs of convertibles notes and change in fair value of embedded derivatives;
- Interest expenses incurred on financial liabilities and lease liabilities;
- Income received from cash and cash equivalents;
- Gains and losses on exchange rate variations on financial and investing operation.

(amounts in thousands of euros)	12/31/2018	12/31/2019	12/31/2020
Income from short term deposits	163	7	12
Change in fair value of derivative liabilities (1)	—	—	652
Other financial income	5,264	2,940	225
Financial income	5,427	2,947	889
Amortized cost of convertible notes (1)	—	—	(1,684)
Financial expenses on lease liability	(4)	(343)	(336)
Interest expense related to borrowings	(5)	(148)	(142)
Other financial expenses	(19)	(1,042)	(3,192)
Financial expenses	(28)	(1,533)	(5,354)
Financial income (loss)	5,399	1,414	(4,465)

(1) Refer to note 4.9.1

Other income and expenses are mainly comprised of:

- Foreign currency gains and losses of €3,993 thousand in 2018, €781 thousand in 2019 and €(3,028) thousand in 2020;
- A gain on foreign exchange swaps of €1,254 thousand in 2018, €1,124 thousand in 2019 and €61 thousand in 2020.

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, 2020, the amount of accumulated tax loss carryforwards were:

- €291.2 million in France, with no expiration date.
- €18.8 million (\$23.1 million) in the United States, of which €0.3 million expires in 2035, €2.8 million expires in 2036, €3.8 million expires in 2037 and €11.9 million has no expiration date.

The standard corporate tax rate in France is 28% for all the financial years presented. Based on the provisions of the 2020/2021 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)	12/31/2018	12/31/2019	12/31/2020
Loss before tax	(38,224)	(62,659)	(73,300)
Tax rate	28 %	28 %	28 %
Theoretical tax expense or income	10,703	17,544	20,524
Current year loss not capitalized	(11,222)	(18,143)	(20,803)
CICE (employment and competitiveness tax credit) not included in taxable income	35	—	—
Research tax credits	1,225	1,096	960
Share based compensation expense	(686)	(380)	(330)
Permanent differences	(54)	(117)	(350)
Other differences	(3)	1	(4)
Effective tax (loss) / income	(2)	1	(3)

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)	12/31/2018	12/31/2019	12/31/2020
Loss carryforward	43,315	59,594	76,978
Tax credit carryforward	—	—	79
Temporary differences	106	643	484
Unrecognized deferred tax assets	(43,421)	(60,236)	(77,541)
Net amount	—	—	—

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, equity instruments granted to employees, members of the Board of Directors or other individuals as detailed in note 3.3.3 and convertibles notes and warrants issued as part of the financing agreement with financing agreement with Luxembourg-based European High Growth Opportunities Securitization Fund as detailed in note 4.9.1.

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 diluted loss per share. Thus, basic and diluted loss per share are equal as all equity instruments issued have been considered anti-dilutive.

	12/31/2018	12/31/2019	12/31/2020
Net loss (in thousands of euros)	(38,224)	(62,659)	(73,300)
Weighted number of shares for the period	17,937,481	17,937,535	18,386,587
Basic loss per share (€/share)	(2.13)	(3.49)	(3.99)
Diluted loss per share (€/share)	(2.13)	(3.49)	(3.99)

	12/31/2018	12/31/2019	12/31/2020
Number of shares as of January 1 (1)	17,935,059	17,937,535	17,937,535
<i>Number of shares issued during the year (prorata temporis)</i>			
Share capital increase	—	—	—
Conversion of convertible notes ("OCA")	—	—	437,128
Exercise of warrants	—	—	10,391
Free shares acquired	2,422	—	1,533
Weighted number of shares for the period	17,937,481	17,937,535	18,386,587

(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, 2018, 2019 and 2020, the potential shares that could be issued (see Note 3.3.3 and Note 4.9.1) 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.

<u>Intangible assets Item</u>	<u>Amortization period</u>
Software	1 to 5 years

(amounts in thousands of euros)	Other intangible assets	Intangible assets in progress	TOTAL
GROSS VALUE			
As of As of December 31, 2017	234	—	234
Increase	3	—	3
Decrease	—	—	—
FX rate impact	—	—	—
Reclassification	1,596	—	1,596
As of As of December 31, 2018	1,833	—	1,833
Increase	16	—	16
Decrease	—	—	—
FX rate impact	—	—	—
Reclassification	27	—	27
As of As of December 31, 2019	1,876	—	1,876
Increase	—	2	2
Decrease	—	—	—
FX rate impact	(1)	—	(1)
Reclassification	—	—	—
As of As of December 31, 2020	1,875	2	1,877
ACCUMULATED AMORTIZATION AND DEPRECIATION			
As of As of December 31, 2017	(181)	—	(181)
Increase	(39)	—	(39)
Decrease	—	—	—
FX rate impact	—	—	—
As of As of December 31, 2018	(220)	—	(220)
Increase	(1,053)	—	(1,053)
Decrease	—	—	—
FX rate impact	—	—	—
As of As of December 31, 2019	(1,273)	—	(1,273)
Increase	(16)	—	(16)
Decrease	—	—	—
FX rate impact	1	—	1
As of As of December 31, 2020	(1,288)	—	(1,288)
NET VALUE			
As of December 31, 2017	53	—	53
As of December 31, 2018	1,613	—	1,613
As of December 31, 2019	603	—	603
As of December 31, 2020	587	2	589

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 and computers	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)	General equipment, fixtures and fittings	Plant, equipment and tooling	Office equipment and computers	Assets under construction	TOTAL
GROSS VALUE					
As of December 31, 2017	1,855	2,094	669	1,730	6,348
Increase	152	490	155	13,425	14,222
Decrease	—	—	—	—	—
FX rate impact	—	—	—	—	—
Reclassification	—	—	—	(1,596)	(1,596)
As of December 31, 2018	2,007	2,584	824	13,559	18,974
Increase	9,489	1,557	387	630	12,063
Decrease	(437)	(106)	(112)	(21)	(676)
FX rate impact	(63)	(8)	2	268	199
Reclassification	11,389	779	70	(13,357)	(1,119)
As of December 31, 2019	22,385	4,806	1,171	1,079	29,441
Increase	30	301	37	78	446
Decrease	(83)	(69)	0	(26)	(178)
FX rate impact	(1,644)	(247)	(36)	(13)	(1,940)
Reclassification	13	996	32	(1,041)	0
As of December 31, 2020	20,701	5,787	1,204	77	27,769
ACCUMULATED DEPRECIATION					
As of December 31, 2017	(1,116)	(1,571)	(255)	—	(2,942)
Increase	(355)	(248)	(155)	—	(758)
Decrease	—	—	—	—	—
FX rate impact	—	—	—	—	—
Reclassification	—	(5)	5	—	—
As of December 31, 2018	(1,471)	(1,824)	(405)	—	(3,700)
Increase	(1,148)	(469)	(180)	—	(1,797)
Decrease	437	85	112	—	634
FX rate impact	—	—	(3)	—	(3)
Reclassification	61	988	7	—	1,056
As of December 31, 2019	(2,121)	(1,220)	(469)	—	(3,810)
Increase	(2,232)	(993)	(232)	—	(3,457)
Decrease	8	69	—	—	77
FX rate impact	218	52	13	—	283
Reclassification	—	—	—	—	—
As of December 31, 2020	(4,127)	(2,092)	(688)	—	(6,907)
NET VALUE					
As of December 31, 2017	739	523	414	1,730	3,406
As of December 31, 2018	536	760	419	13,559	15,274
As of December 31, 2019	20,265	3,586	702	1,079	25,632
As of December 31, 2020	16,574	3,695	516	77	20,862

As of December 31, 2018, property, plant and equipment included assets held under finance leases. Their net book value amounted to €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	—	7,444
Increase	4,088	—	33	—	4,121
Decrease	(355)	(20)	—	—	(375)
FX rate impact	107	—	—	—	107
Reclassification	—	974	—	118	1,092
As of December 31, 2019	11,237	954	80	118	12,389
Increase	92	—	7	—	99
Decrease	—	—	(14)	—	(14)
FX rate impact	(483)	—	—	—	(483)
Reclassification	—	—	—	—	—
At December 31, 2020	10,846	954	73	118	11,991
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	(1,285)	(954)	(23)	(118)	(2,380)
Increase	(1,489)	—	(29)	—	(1,518)
Decrease	—	—	10	—	10
FX rate impact	125	—	—	—	125
Reclassification	—	—	—	—	—
As of December 31, 2020	(2,649)	(954)	(42)	(118)	(3,763)
NET VALUE					
As of December 31, 2018	—	—	—	—	—
As of December 31, 2019	9,952	—	57	—	10,009
As of December 31, 2020	8,197	—	31	—	8,228

Reclassifications in 2019 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 in 2019 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 in 2019 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)	12/31/2018	12/31/2019	12/31/2020
Deposits related to leased premises	446	475	454
Advance payments to suppliers	510	226	620
Other	90	17	17
Total other non-current financial assets	1,046	718	1,091
Deposits related to leased premises	—	—	—
Advance payments to suppliers	—	28	51
Other	—	13	8
Total other current financial assets	—	41	59

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)	12/31/2018	12/31/2019	12/31/2020
Raw materials	1,396	358	—
Total inventory	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)	12/31/2018	12/31/2019	12/31/2020
Trade and other receivables	30	36	4
Total trade and other receivables	30	36	4
Research Tax Credit	7,701	3,917	3,432
Other receivables (including tax and social receivables)	1,949	1,870	898
Prepaid expenses	4,461	2,188	793
Total other current assets	14,111	7,975	5,123

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, 2018, the CIR receivable included Research Tax Credit for the 2017 and 2018 financial years.

As of December 31, 2019 and December 31, 2020, the CIR receivables 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 (€949 thousand as of December 31, 2018, €942 thousand as of December 31, 2019 and €635 thousand as of December 31, 2020) and credit notes to be received (€863 thousand as of December 31, 2018, €570 thousand as of December 31, 2019 and €185 thousand as of December 31, 2020).

Prepaid expenses

Prepaid expenses mainly related to advances payments made to suppliers of asparaginase (€3,180 thousand as of December 31, 2018, €1,295 thousand as of December 31, 2019 and €0 thousand as of December 31, 2020).

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)	12/31/2018	12/31/2019	12/31/2020
Current account	118,371	68,066	34,348
Term deposits	16,000	5,107	10,098
Total cash and cash equivalents as reported in statement of financial position	134,371	73,173	44,446
Bank overdrafts	—	—	—
Total cash and cash equivalents as reported in statement of cash flow	134,371	73,173	44,446

As of December 31, 2018, term deposits included two term deposits of €11.0 million and €5.0 million, both with a maturity in January 2019.

As of December 31, 2019, term deposits included a term deposit of €5.0 million with a maturity of one month and deposits of €0.1 million convertible into cash immediately.

As of December 31, 2020, term deposits included a term deposit of €10.0 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, 2020, the capital of the Parent Company consisted of 20,057,562 shares, fully paid up, with a nominal value of 0.10 euro.

	Number of shares
As of December 31, 2017	17,937,559
Free shares acquired	2,476
As of December 31, 2018	17,940,035
As of December 31, 2019	17,940,035
Conversion of convertible notes ("OCA")	2,094,704
Exercise of warrants	16,080
Free shares acquired	6,743
As of December 31, 2020	20,057,562

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.

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.

(amounts in thousands of euros)	12/31/2018	12/31/2019	12/31/2020
Provision for retirement indemnities	347	506	652
Provisions - non-current portion	347	506	652
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:

	12/31/2018	12/31/2019	12/31/2020
Discount rate	1.57 %	0.77 %	0.34 %
Wage increase	2.00 %	2.00 %	2.00 %
Social welfare contribution rate			
- non executive employees	44.00 %	36.00 %	39.00 %
- executive employees	54.00 %	50.00 %	51.00 %
- executive management	55.00 %	52.00 %	49.00 %
Expected staff turnover			
- non executive and executive employees	Medium - High	High	High
- executive management	Low	Low	Low
Age of retirement	65 - 67 years	65 - 67 years	65 - 67 years
Mortality table	INSEE 2014	INSEE 2018	INSEE 2019

The change in the provision for retirement indemnities is as follows:

(amounts in thousands of euros)

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	6
Actuarial gains and losses	38
As of December 31, 2019	506
Service costs	123
Financial costs	4
Actuarial gains and losses	19
As of December 31, 2020	652

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

Unless otherwise stated, 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.

(amounts in thousands of euros)	Convertible notes	Conditional advances	Bank loans	Other	Total
As of December 31, 2017	—	1,181	1,534	128	2,843
Collection	—	—	—	—	—
Amortized cost	—	—	—	—	—
Repayment	—	—	(735)	(89)	(824)
FX rate impact	—	—	—	—	—
As of December 31, 2018	—	1,181	799	39	2,019
Collection	—	—	—	38	38
Fair value of embedded derivatives	—	—	—	—	—
Amortized cost	—	140	—	—	140
Repayment	—	—	(738)	—	(738)
Reclassification	—	—	—	(39)	(39)
FX rate impact	—	—	—	—	—
As of December 31, 2019	—	1,321	61	38	1,420
Collection	14,155	2,979	10,000	—	27,134
Fair value of embedded derivatives	(1,070)	—	—	—	(1,070)
Amortized cost	1,684	121	20	—	1,825
Conversion	(12,600)	—	—	—	(12,600)
Repayment	—	—	(62)	—	(62)
FX rate impact	—	—	—	(3)	(3)
As of December 31, 2020	2,169	4,421	10,019	35	16,644

Financial liabilities by maturity.

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
Other	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

December 31, 2020 (in thousands of euros)	Less than one year	One to three years	Three to five years	More than five years	Total
Convertible notes	2,169	—	—	—	2,169
Conditional advances	—	—	—	4,421	4,421
Bank loans	96	3,768	4,069	2,086	10,019
Other	—	35	—	—	35
Total financial liabilities	2,265	3,803	4,069	6,507	16,644

4.9.1. Convertible notes

Accounting policies

In accordance with IFRS 9, a financial instrument with all three of the following characteristics is a derivative:

- its value changes in response to changes in the so-called “underlying”
- it requires no initial net investment,
- it is settled at a future date.

Derivatives are initially recognized at their fair value and subsequent changes are recognized in financial income (loss).

In accordance with IAS 32, a derivative is qualified as an equity instrument only if it will be necessarily settled by exchanging a fixed amount of cash for a fixed amount of equity instruments of the issuer. Equity instruments are initially recognized at their fair value and are not subsequently remeasured.

Generally, convertible notes are qualified as compound instruments as they have both a financial liability and an equity component.

Because the conversion option is a derivative, if the conversion option does not meet the “fixed-for-fixed” condition, the conversion option is classified as a financial derivative liability. In that case, convertible notes are qualified as hybrid instrument in accordance with IFRS 9 comprising a financial liability for the host contract plus an embedded derivative instrument for the conversion option.

The initial bifurcation of a separable embedded derivative does not result in any gain or loss being recognized.

Because the embedded derivative component is measured at fair value on initial recognition, the carrying amount of the host contract on initial recognition is the difference between the carrying amount of the hybrid instrument and the fair value of the embedded derivative.

On June 24, 2020, the Company signed a financing agreement with Luxembourg-based European High Growth Opportunities Securitization Fund in the form of convertible notes with share subscription warrants attached (“OCABSA”).

The Company issued 1,200 note warrants for free that may be exercised in tranches at the Company request until June 25, 2022. European High Growth Opportunities Securitization Fund may request the issuance of two tranches at any time.

Each exercise of a note warrant will give rise to the issuance of 60 convertible note with 33,670 warrants attached (or of 30 convertible notes with 16,835 warrants if the Company's market capitalization is lower to €50 million during 20 consecutive trading days).

The convertible notes (“OCA”) have the following characteristics:

- Nominal value: €50 thousand
- Subscription price: 98% of the nominal value
- Maturity: 12 months
- The notes will not bear interests
- Conversion ratio: $N = V_n / P$ where
 - N is the number of Shares that can be subscribed
 - V_n is the nominal value of a convertible note
 - P is the higher of (i) 95% of the volume weighted average trading price of the Company's shares on Euronext Paris during the 3 consecutive trading days preceding the conversion date, (ii) the nominal value of the share and (iii) the minimum issuance price of a share as provided in the 25th resolution of the Shareholder's Meeting held on June 21, 2019 (or any resolution that may succeed it), i.e., to date 80% of the volume-weighted average (in the central order book and excluding off-market block trades) of the Company's share price on Euronext Paris during the 3 trading sessions prior to the pricing of the issue price, it being specified that the theoretical value of the warrants will be taken into account and that the Shareholder's Meeting has set at 10 million the maximum number of shares that may be issued.

The share subscription warrants (“BSA”) have the following characteristics:

- Maturity: 5 years
- Each warrant give the right to subscribe one share
- Exercise price: 120% of the lowest volume-weighted average price of the Company's share observed over the fifteen trading days preceding the request for exercise of the first tranche (ie €8.91).

In 2020, the Company issued five tranches of €3.0 million each on July 6, 2020, August 24, 2020, November 17, 2020, December 7, 2020 and December 22, 2020 respectively (of which two tranches were issued on European High Growth Opportunities Securitization

Fund request), representing a total amount of €15.0 million, Consequently, 300 OCA were issued with 168,350 BSA attached. During the financial year, 252 OCA were converted into 2,094,704 shares (see note 4.7).

As of December 31, 2020, 48 OCA and 168,350 BSA are outstanding.

Analysis and valuation of the components of the convertible notes' agreement

The financing agreement signed with European High Growth Opportunities Securitization Fund includes:

- A put and call option linked to the mutual commitment between the Company and the investor linked to note warrants that may be exercised in tranches at the Company request and the possibility for the investor to request the issuance of two tranches. The mutual commitment has been qualified as derivative and has a null value.
- At the issuance of a tranche:
 - A host contract recognized as financial liability;
 - A conversion option recognized as derivative liability;
 - Warrants recognized as derivative liability. Despite the fixed exchange parity of these instruments, they cannot be qualified as equity instruments due to a specific clause of the contract.

Derivative liabilities fall under category 3 defined by IFRS 13.

The financial liability is amortized using the effective interest rate (14.7% in average for the tranches issued in 2020) over the estimated maturity date (2 months in average for the tranches issued in 2020).

If the convertible notes are converted before the estimated maturity date, any difference between the fair value of the shares issued and the cumulative amount of the financial liability and the derivative liability at the date of conversion is recognized in financial income (loss).

Fair value of the conversion option is estimated with a Monte-Carlo valuation model using the following main assumptions:

	At the issuance date					12/31/2020
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	
Number of convertible notes	60	60	60	60	60	48
Estimated conversion price	€ 7.51	€ 5.77	€ 6.04	€ 8.31	€ 7.02	€ 6.75
Expected term	2 months	2 months	1 month, 15 days	1 month, 15 days	1 month, 15 days	1 month
Fair value (in thousands of euros)	158	161	159	159	159	129

Fair value of the warrants is estimated with a Black & Scholes valuation model using the following main assumptions:

	At the issuance date						12/31/2020
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5		
Number of warrants	33,670	33,670	33,670	33,670	33,670	168,350	
Price of the underlying share	€ 7.88	€ 6.08	6.36	8.75	7.39	7.11	
Expected dividends	— %	— %	— %	— %	— %	— %	
Volatility	44 %	44 %	53 %	54 %	55 %	58 %	
Expected term	2 years, 6 months	2 years, 5 months	2 years, 1 month	2 years, 1 month	2 years	2 years	
Fair value (in thousands of euros)	60	28	40	86	60	288	

Sensitivity analysis as of December 31, 2020

A change in the main assumptions used for the valuation of the conversion option would have no significant impact in the fair value.

A change in the following assumptions used for the valuation of the warrants could change the fair value as follows.

(in thousands of euros)	Price of the underlying share		
	-10%	7.11	+10%
Volatility			
- 10 percentage points	165	221	284
58%	226	288	357
+10 percentage points	286	355	428

4.9.2. *Conditional advances*

Accounting policies

Funds received from Bpifrance in the form of conditional advances are recognized as financial liabilities, as the Company has a contractual obligation to reimburse Bpifrance 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.

Within the scope of the TEDAC project, Bpifrance 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 milestone n°4 (received in 2016)
- €2,979 thousand upon the milestone n°6 (received in 2020)
- the remainder upon calls for funds when key milestones are reached (not yet received)

The Company undertakes to repay Bpifrance:

- 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 Bpifrance 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.

4.9.3. Bank loans

In 2017, the Company received a bank loan amounting to €1.9 million with Société Générale with a 0.4% interest rate and 36 monthly repayment terms to finance its investments. This bank loan is fully repaid as of December 31, 2020.

In November 2020, the Company received two loans of €5.0 million each, in the form of State-Guaranteed Loan (Prêt Garanti par l'Etat, or PGE in France), with Bpifrance and Société Générale. The loans bear interest at fixed rates of 1.67% and 0.25% per annum respectively, with an initial term of one year and a five -year deferral option and the French government will guarantee 90% of the amount due. As the Company plan to use the deferral option, the two loans are classified in "Financial liabilities – non-current portion"

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.

Transition information

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 2018 was not restated.

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 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 the consolidated financial statements as of December 31, 2018 and the lease liability recognized as of January 1, 2019 in accordance with IFRS 16 can be explained as follows:

<i>(in thousands of euros)</i>	
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))	(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

For contracts previously classified as finance leases, the lease liability as of January 1, 2019 was determined as the lease liability that was calculated in accordance with IAS 17.

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”).

The Company has applied exemptions set out in IFRS 16 regarding:

- Contracts with a lease term of 12 months. These contracts have resulted in an expense of approximately €227 thousand in 2019 and €0 thousand in 2020.
- Contracts for low value assets. These contracts have resulted in an expense of approximately €33 thousand in 2019 and €31 thousand in 2020.

<i>(in thousands of euros)</i>	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
Allowance received from a lessor (1)	188
Increase without cash impact	98
Repayment	(1,615)
Decrease without cash impact	—
FX rate impact	(570)
Capitalized interests	—
Reclassification	—
As of December 31, 2020	10,804

(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

<i>(in thousands of euros)</i>	Less than one year	One to three years	Three to five years	More than five years	Total
As of December 31, 2019	1,425	3,411	2,525	5,342	12,703
As of December 31, 2020	1,607	2,949	2,202	4,046	10,804

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.

Costs are recognized when incurred. The excess of costs incurred over invoices received is recorded in "Vendors - accruals".

Estimation of the hospital costs

The hospital costs related to clinical trials sponsored by the Company are measured based on two allocation keys: (i) site activation for fixed costs which are recognized in full when sites are activated and (ii) patient randomization for variable patient costs (including chemotherapy costs) which are spread over the estimated time of treatment of the patient as planned in the clinical protocol. These allocation keys are applied to the estimated expenses of the clinical trial. The excess of estimated costs incurred over invoices received is recorded in "Vendors - accruals".

<i>(amounts in thousands of euros)</i>	12/31/2018	12/31/2019	12/31/2020
Vendors	13,403	5,074	4,706
Vendors - accruals	3,253	8,701	16,204
Total trade and other payables	16,656	13,775	20,910
Social liabilities, taxation and social security	3,148	3,628	4,149
Fixed assets payables	—	726	86
Deferred revenue	16	61	148
Other payables	53	95	53
Total other current liabilities	3,217	4,510	4,436

Hospital costs accruals amounted to €112 thousand as of December 31, 2018, €4,047 thousand as of December 31, 2019 and €10,770 thousand as of December 31, 2020.

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”).

Financial assets at the amortized cost

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, 2018 (amounts in thousands of euros)	Carrying amount on the statement of financial position (1)	Fair value through profit and loss	Fair value through other comprehensive income	Financial assets at amortized cost	Financial liabilities 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 (2)	134,371	134,371				134,371
Total financial assets	149,558	134,371		15,187	—	149,558
Financial liabilities - non current portion (3)	1,243				1,243	1,243
Financial liabilities - current portion (3)	776				776	776
Trade and other payables	16,656				16,656	16,656
Total financial liabilities	18,675	—		—	18,675	18,675

As of December 31, 2019 (amounts in thousands of euros)	Carrying amount on the statement of financial position (1)	Fair value through profit and loss	Fair value through other comprehensive income	Financial assets at amortized cost	Financial liabilities 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 (2)	73,173	73,173				73,173
Total financial assets	79,756	73,173	—	6,583	—	79,756
Financial liabilities - non current portion (3)	1,321				1,321	1,321
Lease liabilities - non current portion (4)	11,278				11,278	11,278
Financial liabilities - current portion (3)	99				99	99
Lease liabilities - current portion (4)	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	32,347	—	—	—	32,347	32,347

As of December 31, 2020 (amounts in thousands of euros)	Carrying amount on the statement of financial position (1)	Fair value through profit and loss	Fair value through other comprehensive income	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value
Other non-current financial assets	1,091			1,091		1,091
Other current financial assets	59			59		59
Trade and other receivables	4			4		4
Other current assets	4,330			4,330		4,330
Cash and cash equivalents (2)	44,446	44,446				44,446
Total financial assets	49,930	44,446	—	5,484	—	49,930
Financial liabilities - non current portion (3)	14,379				14,379	14,379
Derivative liabilities - non current portion (5)	288	288				288
Lease liabilities - non current portion (4)	9,197				9,197	9,197
Financial liabilities - current portion (3)	2,265				2,265	2,265
Derivative liabilities - current portion (5)	129	129				129
Lease liabilities - current portion (4)	1,607				1,607	1,607
Trade and other payables	20,910				20,910	20,910
Other current liabilities	4,289				4,289	4,289
Total financial liabilities	53,064	417	—	—	52,647	53,064

(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 2 measurements.

(4) The fair value of lease liabilities is determined using level 2 measurements.

(5) The fair value of derivative liabilities is determined using level 3 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 and members of the executive committee.

The remuneration of directors and members of the executive committee was as set forth in the table below.

(amounts in thousands of euros)	12/31/2018			12/31/2019			12/31/2020		
	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	692	26	337	1,077	16	334	1,242	22	448
Executive committee	1,285	30	528	1,277	10	299	1,374	25	201
Board of directors	241	—	442	321	—	125	300	—	43
Total	2,218	56	1,307	2,675	26	757	2,915	47	692

The Company has no other related parties.

6. MANAGEMENT OF FINANCIAL RISKS

The purpose of the financial instruments held by the Company is to finance its activities. 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, equity 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 €47.9 million, €43.3 million and €51.7 million for the years ended December 31, 2018, December 31, 2019 and December 31, 2020, 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 the first quarter 2022 (see note 2.1).

As of December 31, 2018 (amounts in thousands of euros)	Less than one year	One to five years	More than five years	Total
Convertible notes	—	—	—	—
Conditional advances	—	—	1,181	1,181
Bank loans	737	62	—	799
Other financial liabilities	39	—	—	39
Trade and fixed assets payables	13,403	—	—	13,403
Total	14,179	62	1,181	15,422

As of December 31, 2019 (amounts in thousands of euros)	Less than one year	One to five years	More than five years	Total
Convertible notes	—	—	—	—
Conditional advances	—	—	1,321	1,321
Bank loans	62	—	—	62
Other financial liabilities	—	38	—	38
Lease liabilities	1,425	5,935	5,342	12,702
Trade and fixed assets payables	5,800	—	—	5,800
Total	7,287	5,973	6,663	19,923

As of December 31, 2020 (amounts in thousands of euros)	Less than one year	One to five years	More than five years	Total
Convertible notes	2,400	—	—	2,400
Conditional advances	—	—	4,421	4,421
Bank loans	98	7,929	2,071	10,098
Other financial liabilities	—	35	—	35
Lease liabilities	1,607	5,151	4,046	10,804
Trade and fixed assets payables	4,792	—	—	4,792
Total	8,897	13,115	10,538	32,550

Foreign currency exchange risk

The Company's functional currency is the euro. However, a significant portion of its expenses, financial assets and liabilities are denominated in U.S. dollars. A deterioration of the U.S. dollars could impact the financial assets and liabilities and the net loss as follows:

(in thousands)	As of December 31, 2020		Sensitivity		
	USD	EUR	+ 1 %	+ 5 %	+ 10 %
Financial assets	17,630	14,368	(142)	(684)	(1,306)
<i>of which cash and cash equivalents</i>	<i>17,285</i>	<i>14,086</i>	<i>(139)</i>	<i>(671)</i>	<i>(1,281)</i>
Financial liabilities	10,152	8,273	(82)	(394)	(752)

Equity risk

The Company's exposure to equity risk is limited to its own shares and linked to the OCABSA agreement. The total amount that could be issued under this agreement is subject to the regulatory limit of 20% dilution. As the share price of the Company has an impact on the number of shares issued upon the conversion of the convertible notes, the possibility to raise up to €42.0 million will depend on the share price of the company. Based on the closing market price the day before the approval date of the Consolidated Financial Statements (€7.10), the Company could raise approximately €33.0 million. A change in the share price used could change the amount that could be raised as follows:

(in millions of euros)	- 20%	Sensitivity €7.10		+20%
Amount that could be raised	24.0	33.0	33.0	33.0

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 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.

7. OFF-BALANCE SHEET COMMITMENTS

Collaborative arrangements

Agreement with the Teva Group

In March 2011, the Company entered into an exclusive distribution 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 milestone 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, equivalent to €0.9 million when 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.

Financing agreements

Financing agreement with Alpha Blue Ocean and European High Growth Opportunities Securitization Fund in the form of convertible notes with share subscription warrants attached ("OCABSA")

On June 24, 2020, the Company signed a financing agreement with Luxembourg-based European High Growth Opportunities Securitization Fund in the form of convertible notes with share subscription warrants attached ("OCABSA"), allowing a potential fundraising up to a maximum of €60 million, subject to the regulatory limit of 20% dilution.

The Company issued 1,200 note warrants for free that may be exercised in tranches at the Company request until June 25, 2022. European High Growth Opportunities Securitization Fund may request the issuance of two tranches at any time. Any request for a drawdown by the Company will be subject to the satisfaction of certain conditions precedent, including (i) the fact that the Company's closing price on Euronext Paris has been 150% higher than the nominal value of the Company's shares for more than 60 trading days prior to the request, or (ii) the fact that the Company has a number of shares that may be issued corresponding to at least 175% of the number of shares issuable upon conversion of the outstanding notes and of the notes to be issued upon the drawdown request.

At the approval date of the financial statements, 2020, €42.0 million remained available for issuance until June 2022, subject to the regulatory limit of 20% dilution.

Financing facility with the implementation of an at-the-market ("ATM") program on Nasdaq with Cowen

On September 21, 2020, the Company entered into a sales agreement with Cowen with respect to an ATM offering program pursuant to which the Company may issue and sell, from time to time at its sole discretion, ordinary shares in the form of American Depositary Shares ("ADSs") to eligible investors at market prices, with aggregate gross sales proceeds of up to \$30 million, subject to the regulatory limit of 20% dilution. The ATM program will be effective until September 21, 2023, unless terminated prior to such date in accordance with the sales agreement or the maximum number of ADSs to be sold thereunder has been reached.

At the approval date of the financial statements, \$22.0 million remained available for issuance until September 2023, subject to the regulatory limit of 20% dilution.

Lease agreements

Finance lease agreements

In 2020, the Company entered into five-year lease agreements in order to finance industrial equipments. The installation of these equipments occurred in January 2021.

(amounts in thousands of euros)

As of December 31, 2020	Off balance sheet commitment			
	Total	Less than one year	One to five years	More than five years
Finance lease	555	111	444	—
Total off balance sheet commitment	555	111	444	—

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)

As of December 31, 2020	Income from sublease in 2020	Sublease to be received			
		Total	Less than one year	One to five years	More than five years
Sublease in US	167	452	154	298	—
Total	167	452	154	298	—

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.

ERYTECH PHARMA

Corporation with a board of directors and a capital of 2,118,641.60 Euros

Head office: 60 avenue Rockefeller (69008)

Lyon 479 560 013 Lyon Trade and Companies Register

BYLAWS

/s/Gil Beyen

Updated on 5 March 2021

True copy certified by the Chief Executive Officer

Gil BEYEN

SECTION I

FORM - NAME - CORPORATE PURPOSE HEAD OFFICE - DURATION

ARTICLE 1. FORM

The Company was established in the form of a French simplified limited company, by way of a private deed in Lyon on October 26, 2004.

The company was transformed into a corporation by decision of the Extraordinary General Meeting of September 29, 2005.

It exists and is shared between the owners of shares created after this date and all future shareholders, and is governed by laws and regulations in force, as well as by the present articles of incorporation.

ARTICLE 2. NAME

The Company's name is:

ERYTECH PHARMA

In all deeds and documents created by the Company and intended for third parties, its name shall be immediately preceded or followed by the words "Société Anonyme" or the abbreviation "SA" and a declaration of its capital stock, head office, and registration number in the trade and companies register.

ARTICLE 3. CORPORATE PURPOSE

The Company has the purpose, in France and in any country, of:

- The research, manufacture, import, distribution, and marketing of experimental drugs, drugs, devices, and medical equipment;
- the provision of all advisory services associated therewith;

and generally, all financial, commercial, industrial, civil, property, or security-related transactions, such as may directly or indirectly relate to one of the purposes specified or such as may facilitate their fulfillment.

The Company may act directly or indirectly and perform all these operations in any country, on its own behalf and on behalf of third parties, either alone or with third parties in a joint venture, association, grouping, or company, through the creation of new companies, contributions, partnerships, subscription, purchase of company securities or rights, merger, alliance, joint venture companies, or the obtaining or provision, under lease or management, of any assets and rights or other items.

ARTICLE 4. HEAD OFFICE - BRANCHES

The Company's head office is located at: 60, avenue Rockefeller (69008) LYON.

It may be transferred to any location within the same French département or to a neighboring département by way of a simple decision of the Board of Directors, subject to the ratification this decision by the next ordinary general meeting, and to any other location by virtue of a decision by an extraordinary general meeting, subject to legal provisions in force.

In the event of a transfer decided on by the Board of Directors in conformity with the law, the Board is authorized to modify the articles of incorporation accordingly.

ARTICLE 5. DURATION - FINANCIAL YEAR

The Company's duration is set at 99 years from the date of its registration in the Trade and Companies Register, save in the event of extension or early dissolution.

The financial year begins on January 1 and ends on December 31.

SECTION II

CAPITAL - SHARES

ARTICLE 6. ESTABLISHMENT OF THE CAPITAL

All the original shares constituting the initial capital represent cash contributions and have been fully paid up, as showing on the certificate issued by the Banque Populaire Loire et Lyonnais – Agence Lyon Monplaisir, custodian of the funds.

The total amount paid by the shareholders, i.e., thirty-nine thousand, two hundred and sixteen (39,216) Euros, has been deposited into an account in the Company's name at this bank.

In accordance with a resolution by the Combined General Meeting of December 31, 2004, the capital stock was increased to 41,770 Euros through the creation and issue of 2,554 new shares paid up in cash, for a nominal amount of 1 Euro each, fully paid up upon subscription.

In accordance with a resolution by the Extraordinary General Meeting of September 29, 2005, the capital stock was increased to 51,020 Euros through the creation and issue (i) of 6,266 new shares pursuant to share subscription warrants with a nominal value of 1 Euro each, which was fully paid up upon subscription, and (ii) 2,984 new shares paid up in cash, for a nominal value of 1 Euro each, fully paid up upon subscription.

In accordance with an Executive Board decision of October 3, 2006, the Company's capital stock was increased by 13,127 Euros through the issue of 13,127 class "P" shares with a nominal value of 1 Euro, fully paid up upon subscription.

In accordance with an Executive Board decision of December 21, 2006, the Company's capital stock was increased by 17,353 Euros through the issue of 17,353 class "O" shares with a nominal value of 1 Euro, fully paid up upon subscription.

In accordance with a resolution by the Combined General Meeting of December 22, 2006, the Company's capital stock was increased by 54,333 Euros, through the issue of 54,333 class "A" shares with a nominal value of 1 Euro, fully paid up upon subscription.

In accordance with an Executive Board decision of January 23, 2008, the Company's capital stock was increased by an amount of 54,333 Euros, through the creation of 54,333 new class A shares with a nominal value of 1 Euro, fully paid up upon subscription.

In accordance with an Executive Board decision of January 15, 2009, the Company's capital stock was increased by an amount of 54,333 Euros, through the creation of 54,333 new class A shares with a nominal value of 1 Euro, fully paid up upon subscription.

In accordance with an Executive Board decision of July 16, 2010, the Company's capital stock was increased by an amount of 63,283 Euros, through the creation of 63,283 new class A shares with a nominal value of 1 Euro, fully paid up upon subscription.

In accordance with an Executive Board decision of July 29, 2010, the Company's capital stock was increased by an amount of 7,573 Euros, through the creation of 7,573 new class A shares with a nominal value of 1 Euro, fully paid up upon subscription.

In accordance with a resolution by the Combined General Meeting of April 2, 2013, all the share classes were canceled and the existing preferential shares were all converted into common shares. As such, the Company's shares are all common shares.

In this same meeting, the nominal value of the Company's shares was divided by 10.

In accordance with Executive Board decisions of April 30, 2013 recognizing the listing of the Company's shares on the market NYSE Euronext Paris, the convertible bonds issued by the Company were converted into new shares. The Company's capital stock was increased by an amount of 86,206.80 Euros, from 315,355 Euros to 401,561.80 Euros through the issue of 862,068 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of April 2, 2013 granting delegations of power to the Executive Board, and in accordance with Executive Board decisions of April 4, 2013, April 12, 2013, and April 30, 2013 making use of these delegations, the capital stock was increased by an amount of 152,433.40 Euros, from 401,561.80 Euros to 553,995.20 Euros, through the issue of 1,524,334 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of May 21, 2012 granting delegations of power to the Executive Board/Board of Directors, and in accordance with Board of Directors' decisions of July 18, 2013 making use of these delegations, the capital stock was increased by an amount of 816 Euros, from 553,995.20 Euros to 554,811.20 Euros, through the issue of 8,160 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of May 21, 2012 granting delegations of power to the Executive Board/Board of Directors, and in accordance with Board of Directors' decisions of December 3, 2013 making use of these delegations, the capital stock was increased by an amount of 1,084 Euros, from 554,811.20 Euros to 555,895.20 Euros, through the issue of 10,840 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of May 21, 2012 granting delegations of power to the Executive Board/Board of Directors, and in accordance with Board of Directors' decisions of May 5, 2014 making use of these delegations, the capital stock was increased by an amount of 762 Euros, from 555,895.20 Euros to 556,657.20 Euros, through the issue of 7,620 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Extraordinary General Meeting of May 21, 2012 and the Combined General Meeting of June 17, 2014 granting delegations of power to the Executive Board/Board of Directors, and in accordance with the Board of Directors' decisions of December 4, 2014 making use of these delegations, the capital stock was increased by an amount of 131,618.90 Euros, from 556,657.20 Euros to 688,276.10 Euros, through the issue of 1,316,189 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Extraordinary General Meeting of May 21, 2012 granting delegations of power to the Executive Board/Board of Directors, and in accordance with the Board of Directors' decisions of June 23rd, 2015 making use of

these delegations, the capital stock was increased by an amount of 653.00 Euros, from 688,276.10 Euros to 688,929.10 Euros, through the issue of 6,530 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of May 21, 2012 and the Extraordinary General Meeting of April 2nd, 2013 granting delegations of power to the Executive Board/Board of Directors, and in accordance with the Board of Directors' decisions of December 2nd, 2015 making use of these delegations, the capital stock was increased by an amount of 1,375 Euros, from 688,929.10 Euros to 690,304.10 Euros, through the issue of 13,750 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of May 21, 2012 and the Extraordinary General Meeting of April 2nd, 2013 granting delegations of power to the Executive Board/Board of Directors, and in accordance with the Board of Directors' decisions of December 2nd, 2015 making use of these delegations, the capital stock was increased by an amount of 649 Euros, from 690,304.10 Euros to 690,953.10 Euros, through the issue of 6,490 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of June 23, 2015 granting delegations of power to the Board of Directors and in accordance with the Board of Directors' decisions of December 2nd, 2015 and with the Chief Executive Officer's decisions of December 3rd, 2015 making use of these delegations, the capital stock was increased by an amount of 94,000 Euros, from 690,953.10 Euros to 784,953.10 Euros, through the issue of 940,000 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of May 21, 2012 granting delegations of power to the Executive Board/Board of Directors and in accordance with the Board of Directors' decisions of January 10, 2016 making use of these delegations, the capital stock was increased by an amount of 7,508 Euros, from 784,953.10 Euros to 792,461.10 Euros, through the issue of 75,080 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of May 21, 2012 and the General Meeting of April 2nd, 2013 granting delegations of power to the Executive Board/Board of Directors and in accordance with the Board of Directors' decisions of December 6, 2016 making use of these delegations, the capital stock was increased by an amount of 1,416 Euros, from 792,461.10 Euros to 793,877.10 Euros, through the issue of 14,160 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of June 24, 2016 granting delegations of power to the Executive Board/Board of Directors and in accordance with the Board of Directors' decisions of January 8, 2017 making use of these delegations, the capital stock was increased by an amount of 79,387.70 Euros, from 793,877.10 Euros to 873,264.80 Euros, through the issue of 793,877 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of May 21, 2012 and the General Meeting of April 2nd, 2013 granting delegations of power to the Executive Board/Board of Directors and in accordance with the Board of Directors' decisions of April 12, 2017 making use of these delegations, the capital stock was increased by an amount of 800 Euros, from 873,264.80 Euros to 874,064.80 Euros, through the issue of 8,000 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of June 24, 2016 granting delegations of power to the Executive Board/Board of Directors and in accordance with the Chief Executive Officer's decision of April 19, 2017 making use of these delegations, the capital stock was increased by an amount of 300,000 Euros, from 874,064.80 Euros to 1,174,064.80 Euros, through the issue of 3,000,000 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Extraordinary General Meeting of April 2, 2013 granting delegations of power to the Executive Board/Board of Directors, and in accordance with the decision of the Board of Directors of November 6, 2017 making use of these delegations, the capital stock was increased by an amount of 500 Euros, from 1,174,064.80 Euros to 1,174,564.80 Euros through the issue of 5,000 shares with a nominal value of 0.10 Euro.

In accordance with the resolutions of the Combined General Meeting of April 2, 2013 and June 24, 2016 granting delegations of authority to the Board of Directors, and pursuant to the decision of the Board of Directors on November 6, 2017 making use of these delegations, the capital stock was increased by an amount of 877.4 Euros from 1,174,564.80 Euros to 1,175,442.20 Euros, through the issue of 8,774 shares with a nominal value of 0.10 Euros.

In accordance with resolutions of the Combined General Meeting of June 27, 2017 granting delegations of power to the Board of Directors and in accordance with the Chief Executive Officer's decision of November 14, 2017 making use of these delegations, the capital stock was increased by an amount of 537,403.30 Euros, from 1,175,442.20 Euros to 1,712,845.50 Euros, through the issue of 5,374,033 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Combined General Meeting of June 27, 2017 granting delegations of power to the Board of Directors and in accordance with the Board of Directors' decision of November 27, 2017 making use of these delegations, the capital stock was increased by an amount of 80,610.40 Euros, from 1,712,845.50 Euros to 1,793,455.90 Euros, through the issue of 806,104 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Extraordinary General Meeting of April 2, 2013 granting delegations of power to the Executive Board/Board of Directors, and in accordance with the decision of the Board of Directors of January 7, 2018 making use of these delegations the capital stock was increased by an amount of 300 Euros, from 1,793,455.90 Euros to 1,793,755.90 Euros, through the issue of 3,000 shares with a nominal value of 0.10 Euro.

In accordance with resolutions of the Extraordinary General Meeting of June 24, 2016 granting delegations of power to the Executive Board/Board of Directors and in accordance with the decision of the Board of Directors of March 9, 2018 making use of these delegations the capital stock was increased by an amount of 247,60 Euros, from 1,793,755.90 Euros to 1,794,003.50 Euros, through the issue of 2,476 shares with a nominal value of 0.10 Euro.

ARTICLE 7. CAPITAL STOCK

The Company's share capital is set at two million, one hundred eighteen thousand and six hundred forty-one euros and sixty cents (€2,118,641.60).

It is divided into twenty-one million, one hundred eighty-six thousand four hundred sixteen (21,186,416) shares with a nominal value of ten-euro cents (€0.10) each, all of the same class and all fully paid-up.

ARTICLE 8. IDENTIFICATION OF SHAREHOLDERS

The Company remains informed on the composition of its shareholding structure in accordance with the conditions established by law. To this end, it may make use of established legal provisions on the identification of bearers of securities such as grant an immediate or future voting right in general shareholders' meetings.

ARTICLE 9. CROSSING OF THRESHOLDS

All shareholders who come to hold or cease to hold, directly or indirectly, alone or jointly with another person, a number of shares or similar securities representing a portion of the capital or voting rights established by law must inform the Company of this, in accordance with the conditions established by the law and regulations.

Shareholders who have not respected these provisions shall be deprived of the voting rights attached to the shares exceeding the portion that should have been declared. The loss of voting rights shall apply to all shareholders' meetings held up to the expiry of a two-year period following the date on which the declaration was normalized.

ARTICLE 10. INCREASES IN SHARE CAPITAL

The share capital shall be increased by any means and according to any methods established by law.

An extraordinary general meeting, acting on a report by the Board of Directors, is the sole entity with competency to decide on a capital increase. It may delegate such competency or powers to the Board of Directors.

The shareholders have, proportionately to the amount of their shares, a preferential right to the subscription of shares issued by way of a cash contribution to perform a capital increase, a right that they may waive individually. An extraordinary general meeting may decide to withdraw this preferential subscription right under legally established conditions.

The right to the assignment of new shares to shareholders, following an incorporation of reserves, income, or issue premiums into the capital, belongs to the bare owner, without prejudice to the rights of the usufructuary.

ARTICLE 11. PAYMENT OF SHARES

All the original shares constituting the initial capital and representing cash contributions must be paid up in the amount of at least half their nominal value at the time of their subscription.

Shares subscribed during a cash-based capital increase must be paid up in the amount of at least one quarter of their nominal value at the time of their subscription and, where applicable, the entirety of the issue premium.

Payment of the remainder must take place on one or more occasions on the decision of the Board of Directors within a period of five years, i.e., this period starting on the day of registration in the Trade and Companies Register or, for a capital increase, on the day on which the capital increase became final.

Calls for funds shall be brought to the knowledge of subscribers by registered letter with confirmation of receipt sent at least fifteen days prior to the date established for each payment. Payments shall be made either at the head office or at any other location indicated to this end.

Any delays in the payment of sums owing on the share amount not paid up shall result, duly and without the need to proceed with any formalities whatsoever, in the payment of interest at the legal rate, starting on the due date, without prejudice to any personal action that the Company may exercise against the defaulting shareholder and the enforcement measures established by law.

ARTICLE 12. REDUCTION - AMORTIZATION OF THE SHARE CAPITAL

A reduction of the capital may be authorized or decided on in an extraordinary general meeting, which may delegate to the Board of Directors all powers to perform such reduction. In no case shall this harm the equal treatment of the shareholders.

A reduction in share capital for an amount below the legal minimum can only be decided pursuant to the suspensive condition of a capital increase intended to return the share capital to an amount at least equal to this minimum amount, except where the Company is transformed into another form of company.

In the event of non-compliance with these provisions, any interested parties may seek dissolution of the Company through the courts.

Nevertheless, the court cannot order its dissolution where, on the date on which it rules based on grounds, the situation has been normalized.

The capital may be liquidated in conformity with legal provisions. Liquidation of the capital may be decided in an extraordinary general meeting and must be performed using sums distributable in accordance with Article L. 232-11 of the Code of Commerce, by way of an equal reimbursement on each share of the same class. It shall not result in a reduction of the capital. Shares fully or partially liquidated shall lose the right to reimbursement at their nominal value, up to the amount of this liquidation. They shall retain all their other rights.

ARTICLE 13. SHARE TYPES

The shares are nominal, up to their full payment. When they are fully paid up, they may be nominal or bearer, as decided by the shareholders.

They shall give rise to the registration of an account opened pursuant to the conditions and methods established under current legal and regulatory provisions, by the issuing company or by a financial broker mentioned on paragraphs 2° to 7° of Article L.542-1 of the *Code Monétaire et Financier*.

ARTICLE 14. INDIVISIBILITY OF THE SHARES – BARE OWNERSHIP – USUFRUCT

Shares are indivisible in the eyes of the company. Indivisible co-owners of shares shall be represented in general meetings by one of the co-owners or by a joint representative of their choice. In default of an agreement between them on the choice of a representative, this representative shall be designated by order of the president of the commercial court, ruling in an interim order on the application of the co-owner first making such request.

The voting right attached to a share belongs to the usufructuary for ordinary general meetings and to the bare owner for extraordinary general meetings. However, the shareholders may agree amongst themselves on any other distribution for the exercise of a voting right in general meetings. In this case, they must bring their agreement to the knowledge of the Company by registered letter sent to the head office, the Company being required to respect this agreement for any general meetings held after the expiry of a one-month period following mailing of the registered letter, the postmark being considered proof of the mailing date.

The shareholder's right to obtain the communication of company documents or to consult these documents may likewise be exercised by each co-owner of an undivided share, by the usufructuary, and the bare owner of shares.

ARTICLE 15. ASSIGNMENT AND TRANSFER OF SHARES

Shares can be freely traded, without prejudice to legal and regulatory provisions.

The ownership of shares issued in registered form shall result from their registration in the name of the owners on the registers held to this end. Shares that are designated as registered shares may only be traded on the market where they have first been placed in a management account with an authorized broker.

Shares that are not registered as necessarily being nominal may only be traded on the market where they are converted to bearer shares.

Ownership of bearer shares shall result from their registration in a bearer account with an authorized financial broker.

The assignment of nominal or bearer shares shall take place, with regard to third parties and the company, by an account-to-account transfer into the accounts of the issuing company or those of the authorized financial broker.

The transfer of shares, free or charge or following a death, shall likewise take place by an account-to-account transfer upon the provision of evidence supporting the change in legal conditions.

ARTICLE 16. RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

Each share gives right to the profits, the company assets in a share proportional to the proportion of capital that it represents.

Except where the law or the articles of incorporation stipulate otherwise, each share confers on its owner a vote in the shareholders' General Meetings.

All shareholders shall have the right to be informed of the Company's performance and to obtain the communication of certain company documents at the times and in accordance with the conditions established by the law and regulations.

Shareholders shall only sustain losses up to the amount of their contributions.

The possession of a share requires due adherence to the decisions of general meetings and the present articles of incorporation. Assignment shall include all dividends matured and not paid or maturing in future, as well as any share in the reserve funds, save where provisions to the contrary are disclosed to the Company.

Whenever it is necessary to hold a certain number of shares to exercise a right, in the event of an exchange, regrouping, or assignment of title, or at the time of a capital increase or reduction, a merger, or any other operation, the shareholders holding a number of shares less than that required can only exercise these rights on the condition that they personally arrange to obtain the number of shares required.

SECTION III ADMINISTRATION AND CONTROL OF THE COMPANY

ARTICLE 17. BOARD OF DIRECTORS

I. Appointment/removal of directors

The Company is governed by a Board of Directors composed of at least three members and at most eighteen members, without prejudice to the derogation established by law in the event of merger.

The Board of Directors is composed by seeking a balanced representation of women and men.

During the life of the Company, directors shall be appointed, renewed, or removed in ordinary general meetings. They may always be re-elected.

The duration of a director position is three (3) years; this position ends at the end of the Ordinary General Meeting called to rule on the annual financial statements for the year just ended and held during the year in which their term of office expires.

A person cannot be appointed as director where, having surpassed seventy-five years of age, this person's appointment has the effect of bringing the number of Board members having surpassed this age to more than one-third of the number of directors. Where this limit has been exceeded, the oldest director shall be deemed as having duly resigned. A Director placed under administration shall also be deemed as having duly resigned.

Directors can be shareholders or non-shareholders of the Company.

A Company employee cannot be appointed director where his/her employment contract corresponds to an effective job. The number of directors tied to the Company by way of an employment contract cannot exceed one third of the directors in office.

II. Directors as legal persons

Directors may be natural persons or legal persons. In the latter case, upon its appointment, the legal person is required to designate a permanent representative, who is subject to the same conditions and obligations and who incurs the same civil and criminal liability as if this person was a director in his/her own name, without prejudice to the joint and several liability of the legal person that he/she represents. The permanent representative of a director as a legal entity is subject to the age conditions pertaining to directors as natural persons.

The term of office of the permanent representative designated by the legal person appointed as director is given to him/her for the duration of the latter's term of office.

Where the legal person revokes the term of office of its permanent representative, the legal person is required to provide the Company, without delay and by registered letter, this revocation as well as the identify of its new permanent representative. The same is applicable in the event of the death or resignation of the permanent representative.

Designation of the permanent representative and discontinuation of his/her term of office are subject to the same publication formalities applicable as if he/she had been a director in his/her own name.

III. Vacancy, death, resignation

In the event of a vacancy, due to death or resignation, of one or more director positions, the Board of Directors may, between two general meetings, proceed with temporary appointments.

Where the number of directors has become lower than the legal minimum, the remaining directors shall immediately call an Ordinary General Meeting with a view to supplementing the Board's numbers.

Temporary appointments made by the Board are subject to ratification at the next ordinary general meeting. In default of such ratification, the resolutions made and acts performed by the Board prior to this meeting shall no longer be considered valid.

In the event of absence of a director at more than four consecutive Board of Directors' meetings, this director shall be considered as having duly resigned.

ARTICLE 18. ORGANIZATION OF THE BOARD

The Board of Directors shall elect a chairman from among its members, the chairman being a natural person, on penalty of invalidity of this appointment. It shall determine the chairman's remuneration.

Any person older than seventy-five years of age may not be appointed chairman. Where the chairman in office comes to surpass this age, he/she shall be deemed as having duly resigned. The Chairman placed under administration shall also be deemed as having duly resigned.

The chairman is appointed for a duration that cannot exceed that of his/her director mandate. He/she may be re-elected. The Board of Directors may remove the chairman at any time.

The Board may likewise appoint a Vice President from among its members who are natural persons, and he/she shall preside over Board meetings in the Chairman's absence.

The Board may designate, within a maximum limit of two, one or more observers who are natural persons, directors or otherwise, and who are 65 years of age at most at the day of their appointment.

These observers are appointed for a duration of two years.

These observer positions shall be fulfilled free of charge. The observers shall be summoned to all meetings of the Board of Directors, and shall take part in deliberations for consultation purposes only. In its relations with the Board of Directors, the observers shall perform a general mission of consultation and supervision.

ARTICLE 19. BOARD DELIBERATIONS

The Board of Directors shall meet as often as the Company's interests so require, upon summons by its chairman or the managing director. Where the Board has not met for more than two months, at least one third of the directors may request that the chairman, who is bound by this request, call a Board of Directors' meeting on a specific agenda.

Summonses shall be given by any means, including verbally.

Meetings shall take place either at the headquarters or at any other location indicated in the summons.

The Board may only validly deliberate where half of its directors are present.

Decisions shall be made by the majority of members present or represented.

In the event of a tie, the meeting Chairman's vote shall carry the decision.

Pursuant to the provisions of internal rules established by the Board of Directors, for calculation of the quorum and the majority, the directors participating in a Board meeting by videoconference or other means of telecommunications allowing for identification of the participants and guaranteeing their effective participation shall be deemed present, in compliance with current regulations.

This provision is not applicable for decisions on the annual financial statements, the consolidated financial statements, and preparation of the annual report and the group's annual report.

The Board of Directors can also make decisions by written consultation of the Directors in accordance with the conditions established by law.

ARTICLE 20. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors determines the orientations of the Company's activities and oversees their implementation, in accordance with its corporate interest and taking into consideration social and environmental issues of its activity. Without prejudice to the powers expressly assigned by law to the shareholders and within the limit of the corporate purpose, the Board of Directors is responsible for all matters relating to the successful operation of the Company and governs matters concerning the Company, through its resolutions.

In relations with third parties, the Company is committed by the actions of the Board of Directors including where not pertaining to the corporate object, except where it can prove that the third party knew that such action fell outside this purpose or that it could not be ignorant of such fact, given the circumstances, mere publication of the articles of incorporation not being sufficient to constitute such proof.

The Board of Directors shall perform the controls and verifications that it deems appropriate. Each director may arrange for the communication to him/her of all documents and information necessary to the fulfillment of his/her mission.

The Board of Directors may decide on the creation of a study committee responsible for studying matters that the Board of Directors or its Chairman submits to it.

ARTICLE 21. SENIOR MANAGEMENT

1 - Operating methods

General management is provided under its responsibility, by a natural person appointed by the Board of Directors and holding the title of managing director. This natural person may be the chairman of the Board of Directors.

The Board of Directors chooses between two operating methods for the Senior Management.

The Board resolution relative to the choice of operating method for the executive division shall be carried by the majority of directors present or represented. Shareholders and third parties shall be informed of this choice in accordance with the conditions established under current regulations.

2 - Senior Management

The Chief Executive Officer shall be a natural person selected from among the directors or elsewhere.

The duration of the managing director's term of office is determined by the Board at the time of his/her appointment. However, where the managing director is a director, the duration of his/her term of office cannot exceed that of the director mandate.

Any person older than seventy years of age cannot be appointed as managing director. Where the managing director reaches this age limit, he/she shall be deemed as having duly resigned. A managing Director placed under administration shall also be deemed as having duly resigned.

The managing director may be removed by the Board of Directors at any time. Where the removal is decided without just cause, it may result in the payment of damages, save where the managing director holds the position of chairman of the Board of Directors.

The managing director is vested with the broadest of powers to act in all circumstances in the name of the Company. He shall exercise his powers within the limits of the corporate object and without prejudice to the powers that the law expressly assigns to the shareholders and to the Board of Directors. He represents the Company in its relations with third parties. The Company is committed by the actions of the managing director including where not pertaining to the corporate object, save where it can prove that the third party knew that such action fell outside this object or that it could not be ignorant of such fact, given the circumstances, mere publication of the articles of incorporation not being sufficient to constitute such proof. The Board of Directors may limit the powers of the Chief Executive Officer, but these limitations are not binding against third parties.

3 - Deputy Managing Director

Upon the proposal of the Chief Executive Officer that this position be assumed by the Chairman of the Board of Directors or by another person, the Board of Directors may appoint one or more natural persons assigned to assist the Chief Executive Officer, with the title of Deputy Managing Director. The Board of Directors may choose the Deputy Managing Directors from among the directors or elsewhere and cannot appoint more than five (5) persons. The age limit is set at seventy (70) years of age. Where a deputy managing director reaches this age limit, he/she shall be deemed as having duly resigned. A deputy managing director placed under administration is also be deemed as having duly resigned. The deputy managing directors may be removed at any time by the Board of Directors, upon such proposal by the managing director. Where such removal is decided on without just cause, it may result in the payment of damages. Where the Chief Executive Officer ceases or is unable to perform his/her duties, the Deputy Managing Directors shall retain, except where decided otherwise by the Board, their duties and powers until the appointment of a new Chief Executive Officer. In accordance with the managing director, the Board of Directors shall determine the extent and duration of powers granted to the deputy managing directors. The deputy managing directors shall have, in relation to third parties, the same powers as the managing director.

ARTICLE 22. REMUNERATION OF DIRECTORS

- 1 - A general meeting may allocate to the directors, in remuneration for their activity a fixed annual sum, the amount of which shall be reported under operating expenses and shall be maintained until a decision is made to the contrary. Its distribution among the directors shall be determined by the Board of Directors.
- 2 - The Board of Directors shall determine the remuneration for the chairman of the Board of Directors, the managing director, and the deputy managing directors. This remuneration may be fixed and/or proportional.

ARTICLE 23. PLURALITY OF TERMS OF OFFICE

The limitation on the plurality of terms of office as director and Chief Executive Officer applies in accordance with the conditions and subject to the derogations established by law.

ARTICLE 24. REGULATED AGREEMENTS

All regulated agreements taking place, directly or through a third party, between the Company and one of its directors, its managing director, one of its deputy managing directors, one of its shareholders holding a portion of the voting rights greater than 10% or, where relating to a shareholder company, the company controlling it as defined under Article L. 233-3 of the Code of Commerce, must be submitted for the prior authorization of the Board of Directors.

The same is likewise applicable for agreements in which one of the persons outlined in the previous paragraph has an indirect interest, and for agreements taking place between the Company and another company, where the managing director, one of the deputy managing directors, or one of the Company's directors is the owner, shareholder with unlimited liability, manager, director, member of the supervisory board, or generally any director of this company.

The prior authorization of the Board of Directors shall be supported by reasons justifying the Company's interests in stipulating the agreement, and shall notably specify the financial conditions associated with this agreement.

Agreements stipulated and authorized during previous financial years, the fulfillment of which was continued into the last financial year, shall be examined each year by the Board of Directors and disclosed to the external auditors as established under the law.

The provisions of the preceding paragraphs shall not be applicable either to agreements relating to day-to-day operations stipulated under normal conditions or to agreements stipulated between two companies where one of these companies directly or indirectly holds the entirety of the other's capital, where applicable after deducting the minimum number of shares required to satisfy the requirements of Article 1832 of the Civil Code and Articles L. 225-1 and L. 226-1 of the Code of Commerce.

The report outlined under the last paragraph of Article L. 225-37 of the Code of Commerce mentions, save where these are agreements relating to day-to-day operations stipulated under normal

conditions, agreements reached directly or through a third party and between, on one part one of the corporate officers or one of the shareholders holding a portion of voting rights greater than 10% of the Company's capital and, on the other part, another company controlled by the first one under article L.233-3.

ARTICLE 25 . STATUTORY AUDITORS

One or more statutory auditors shall be appointed in accordance with article L.823-1 of the Commercial code and shall perform their audit assignment in conformity with the law. Their permanent assignment, to the exclusion of any involvement in the Company's management, is to review the Company's books and financial figures and to verify the accuracy and fairness of the corporate financial statements.

SECTION IV SHAREHOLDERS' MEETINGS

ARTICLE 26. NATURE OF THE MEETINGS

Shareholder decisions shall be made in General Meetings.

Ordinary General Meetings are those that are called to make all decisions that do not modify the articles of incorporation.

Extraordinary General Meetings are those called to decide on or authorize direct or indirect modifications to the articles of incorporation.

The resolutions of General Meetings create an obligation on all shareholders, including those who are absent, dissenting, or incompetent.

ARTICLE 27. SUMMONSES AND MEETINGS OF THE GENERAL SHAREHOLDERS

All shareholders have the right to participate in General Meetings or to arrange for their representation in accordance with the conditions established by law.

General Meetings are called either by the Board of Directors or by the statutory auditors, or by a representative designated by the President of the Commercial Court in an interim ruling on the application of one or more shareholders constituting at least 5% of the capital or, in an emergency, on the application of the participative Management Committee.

Where the Company's shares are admitted for trading on a regulated market or where all its shares are not nominal, it is required, at least thirty-five (35) days prior to any meeting, to publish in the French Bulletin des Annonces Légales Obligatoires (BALO) a meeting notice containing the information outlined in current regulations.

The summons to a General Meeting is made by a notice in a newspaper authorized to publish legal notices in the French département where the headquarters is located, and a notice, furthermore, in the Bulletin des Annonces Légales et Obligatoires (BALO).

Nevertheless, the notices outlined in the previous paragraph may be replaced by a summons made, at the Company's expense, by simple or registered letter sent to each shareholder. This summons may likewise be sent by a means of electronic telecommunications implemented in accordance with regulatory conditions.

Meetings shall take place at the headquarters or at any other location indicated in the notice of summons.

General Meetings shall be composed of all the shareholders, whatever the number of shares they hold.

Participation in the General Meetings, in any form whatsoever, is subject to the registration or recording of shares in accordance with the conditions and timelines established under current regulations.

A shareholder may arrange for his/her representation at general meetings by any natural or legal person of his/her choice, in conformity with legal provisions. Shareholders who are legal persons shall participate in meetings through their legal representatives or through any representative designated to this end.

Shareholders may likewise vote remotely in accordance with the methods established by the law and regulations, sending their remote voting form either in paper format or, on the decision of the Board of Directors, by a means of telecommunications.

The Board of Directors has the right to decide, at the time a meeting is called, whether the shareholders may participate and vote in any meetings by video conference or any other means of telecommunications or electronic transmission (including via the internet), in accordance with the conditions established by the law and regulations applicable at the time of its utilization. This decision shall be communicated in the meeting notice and the notice of summons published in the Bulletin des annonces légales obligatoires (BALO).

Shareholders who use, to this end and within the required time lines, the electronic voting form offered on the web site arranged by the coordinator of the shareholders' meeting shall be considered equivalent to the shareholders present or represented. The submission and signature of the electronic form may be directly performed on this site through any process approved by the Board of Directors and meeting the conditions defined under the paragraph two, sentence one, Article 1316-4 of the French Civil Code, i.e., the usage of a reliable identification process guaranteeing a link with the form, notably such as consists of an identifier and a password.

The proxy or vote, thus expressed prior to the shareholders' meeting by any means of telecommunications or electronic transmission, and the confirmation of receipt given therefor, shall be considered a submission irrevocable and binding on all parties, it being specified that, in the event of an assignment of shares taking place prior to the second (2nd) business day preceding the shareholders' meeting, local Paris time, the Company shall consequently invalidate or modify, as applicable, the proxy or vote expressed prior to the meeting by any means of telecommunications.

ARTICLE 28. AGENDA

The agenda for Meetings is provided by the person issuing the summons.

One or more shareholders, representing at least the portion of share capital required and acting in accordance with the conditions and timeframes established by law, have the right to request, by registered letter with acknowledgment of receipt or by electronic telecommunications, the inclusion of points or draft resolutions on a Meeting agenda.

The participative management committee may likewise request that draft resolutions be included on a Meeting agenda.

Shareholders' meetings cannot deliberate on a matter that is not included on the agenda, which cannot be modified in the event of a second summons. Such meetings may nevertheless, in all circumstances, remove one or more members of the Board of Directors and proceed with their replacement.

ARTICLE 29. HOLDING OF MEETINGS - CHAIR COMMITTEE - MINUTES

Meetings shall be presided over by the chairman of the Board of Directors or, in his absence, by a deputy chairman or by a director specially deputy to this end by the Board. Failing this, the shareholders' meeting shall itself designate a meeting chairman.

In the event of a summons by a statutory auditor or by an agent appointed by the court, the Meeting shall be presided over by the person issuing the summons.

The two shareholders, present and accepting such duties, representing, both for themselves and as representatives, the largest number of votes shall act as scrutineers and vote counters.

The committee thus established shall designate a secretary, who may be taken from outside the members of the Meeting.

An attendance sheet shall be kept, in accordance with the conditions established by law.

Deliberations and resolutions of the General Meetings are recorded in minutes signed by the committee members and kept in a special register, in accordance with the law. Copies and extracts of these minutes shall be validly certified in accordance with the conditions established by law.

ARTICLE 30. QUORUM - VOTE

General Meetings, whether they are ordinary, extraordinary, or mixed, shall deliberate in accordance with the conditions for a quorum and majority as established in the provisions governing them, and shall exercise the powers assigned to them by the law.

The voting right attached to capital or dividend shares is proportional to the portion of capital that they represent. Each share gives the right to one vote.

A double voting right is nevertheless assigned, in accordance with legal conditions, to all shares fully paid up for which evidence is provided of nominal registration for at least two years in the name of the same shareholder, or in the name of a person holding such rights following a succession, a sharing of the community of property between spouses, or an inter vivos gift granted by a shareholder to his/her spouse or to a relative in the direct line of succession, or following a transfer resulting from a merger or a division of a shareholder company.

In the event of a capital increase through the incorporation of reserves, income, or issue premiums, the double voting right is granted, upon their issue, to nominal shares assigned free of charge to replace the previous shares already receiving such benefit.

The double voting right shall be duly withdrawn from any share having been converted to a bearer share or been subject to a transfer of ownership, except where this transfer results from a succession, a sharing of the community of property between spouses, or an inter vivos gift granted by a shareholder to his/her spouse or to a relative in the direct line of succession, or following a transfer resulting from a merger or a division of a shareholder company.

SECTION V CORPORATE FINANCIAL YEAR - CORPORATE FINANCIAL STATEMENTS - ALLOCATION AND DISTRIBUTION OF PROFITS

ARTICLE 31. CORPORATE FINANCIAL YEAR

The corporate financial year is defined under Article 5.

ARTICLE 32. INVENTORY - ANNUAL FINANCIAL STATEMENTS - STATEMENT OF FINANCIAL POSITION

Regular accounts of Company operations shall be kept, in conformity with the law and commercial practices.

At the end of each financial year, the Board of Directors shall conduct an inventory of all the assets and liabilities. It shall also prepare the annual financial statements in conformity with the provisions of Part II, Book 1 of the Commercial Code.

It shall attach to the statement of financial position a statement of sureties, endorsements, and guarantees given by the Company and a statement of collateral pledged by it.

It shall prepare an annual report containing the information required by law.

The annual report shall include, where applicable, the Group's annual report where the Company must prepare and publish consolidated financial statements as required law.

Where applicable, the Board of Directors shall prepare accounting estimates as required by the law and regulations.

All these documents shall be provided to the auditor in accordance with legal and regulatory conditions.

ARTICLE 33. ALLOCATION AND DISTRIBUTION OF PROFITS

Amounts required by law for allocation to reserves shall be firstly withdrawn on the profits of each financial year, where applicable, decreased by prior losses.

As such, 5% of profits shall be allocated to establish the legal reserve; this allocation is no longer obligatory when this fund reaches ten percent of the capital stock; it shall resume its obligatory status where, for any reason, the legal reserve falls below this proportion.

The distributable profits are composed of the annual profits, less any prior losses and amounts allocated to reserves in application of the law or articles of incorporation, and increased by any profits carried forward.

From these profits, general meetings shall determine the portion assignable to shareholders in the form of a dividend, and may allocate any amounts such as it sees fit, to any funds whether optional, ordinary, or extraordinary, or to be carried forward.

However, in the event of a reduction in the capital, no distribution may be made to shareholders where the shareholders' equity is or becomes, following such capital reduction, lower than the amount of the capital, increased by any reserves for which the law and the articles of incorporation prohibit distribution.

General meetings may decide on the distribution of amounts withdrawn from optional reserves, either to provide or to supplement a dividend, or by way of an exceptional distribution; in this case, the meeting's decision shall expressly indicate the reserve items from which such withdrawal shall be made. However, dividends shall be given priority distribution over any distributable profits from the financial year.

Where existing and upon approval of the financial statements by the general meeting, losses shall be recorded in a special account to be offset by any profits in future financial years, until such losses have been completely discharged.

ARTICLE 34. PAYMENT OF DIVIDENDS

For all or part of a regularly distributed dividend or interim dividends, general meetings may grant shareholders an option between payment in cash or in shares, in accordance with legal conditions.

The methods for payment of dividends in cash shall be set by the general meeting or, failing this, by the Board of Directors.

ARTICLE 35. SHAREHOLDERS' EQUITY AT LESS THAN HALF THE CAPITAL STOCK

Where, due to losses identified in the accounting documents, the shareholders' equity in the Company falls below half the capital stock, the Board of Directors is required, within four months following approval of the financial statements showing these losses, to call an extraordinary general meeting for the purpose of deciding whether early dissolution of the Company should take place.

Where dissolution is not decided on, the Company is required, at the latest by the end of the second financial year following that in which identification of the losses took place and subject to the provisions of Article L. 224-2 of the Commercial Code, to reduce its capital by an amount at least equal to that of the losses that could not be allocated to the reserves where, within this period, the shareholders' equity has not been reestablished up to a value at least equal to half of the capital stock. In the event of non-fulfillment of these requirements, any interested party may seek dissolution of the Company through legal measures. However, the courts may not hand down a dissolution decision where, at the date on which the courts rule on the basis of substance, the situation has been regularized.

SECTION VI
DISSOLUTION - DISPUTES

ARTICLE 36. DISSOLUTION

Upon expiry of the Company's established duration or in the event of early dissolution, a general meeting shall decide on the liquidation methods and appoint one or more liquidators, whose powers it shall determine, and who shall perform their duties in compliance with the law.

ARTICLE 37. DISPUTES

All disputes such as may arise within the duration of the Company or after its dissolution during liquidation operations, either between the shareholders and the Company's management and control bodies, or between the shareholders themselves, relative to business affairs or to the fulfillment of provisions of the articles of incorporation shall be decided on in conformity with the law and submitted to the jurisdiction of the competent courts.

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following description of the ordinary shares, the American Depositary Shares and the bylaws of Erytech Pharma S.A. (“Erytech” or the “Company”) is a summary and does not purport to be complete. This summary is subject to and qualified in its entirety by reference to the complete text of the Company’s bylaws, which are incorporated by reference as Exhibit 1.1 of the Company’s Annual Report on Form 20-F to which this description is also an exhibit. The Company encourages you to read the Company’s bylaws carefully.

As of December 31, 2020, Erytech has 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
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.

ORDINARY SHARES

As of December 31, 2020, our outstanding share capital consisted of a total of 20,057,562 issued ordinary shares, fully paid and with a nominal value €0.10 per share. The Company has no preferred shares outstanding.

Preemptive rights

Under French law, in the event 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 by the shareholders present at the extraordinary meeting deciding or authorizing the capital increase, voting in person or represented by proxy or voting by mail. In case such rights are not waived by the extraordinary general meeting, each stockholder may individually exercise, assign or not exercise its preferential rights.

Types and class of securities

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, the Company may request at any time from the central depository responsible for holding the Company’s shares, or directly from one or several intermediaries listed in Article L. 211-3 of the French Monetary and Financial Code, the information concerning the owners of the Company’s shares and securities conferring immediate or long-term voting rights at the Company’s general meetings of shareholders as referred to in Article L. 228-2 of the French Commercial Code.

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 the Company 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 the Company’s bylaws limit the right of non-residents of France or non-French persons to own or, where applicable, to vote the Company’s 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 the Company, 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.

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.

The Decree (*arrêté*) of April 27, 2020 extended the list of sectors subject to prior approval to include biotechnologies now covered under article R. 151-3 III° 1° of the French Monetary and Financial Code, under which investments are defined as (i) the acquisition of control—within the meaning of Article L. 233-3 of the French Commercial Code—of a company that has its registered office in France, (ii) the acquisition of all or part of a line of business of a company that has its registered office in France, or (iii) the acquisition of more than 25% of the shares or voting rights of a company that has its registered office in France.

In the context of the ongoing COVID-19 pandemic, the Decree (*décret*) n°2020-1729 dated December 28, 2020 has completed the 25% threshold with an additional temporary 10% threshold of the voting rights for the non-European investments in listed companies applicable, at the date hereof, until December 31, 2021.

See “Limitations Affecting Shareholders of a French Company—Ownership of ADSs or Shares by Non-French Residents.”

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

Memorandum and articles of association

Corporate Purpose (Article 3 of the Bylaws)

The Company's 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. The Company is 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.

The 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 the Company's shareholders by law and within the limit of the corporate purpose, the Company's board of directors is responsible for all matters relating to the successful operations of the Company, including but not limited to, social and environmental issues associated with the Company's activities, and, through its resolutions, governs matters involving the company.

Appointment and Term. The Company's 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, the Company seeks a balanced representation of women and men. The term of a director is 3 years, and directors may be re-elected at the Company's 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 the Company's 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 or placed with guardians, 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 the Company's charter and bylaws allow directors to attend meetings in person or, to the extent permitted by applicable law and with specified exceptions in the Company's bylaws, by videoconference or other telecommunications arrangements. The board of directors can also make decisions by way of written consultation under the conditions provided by law.

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 the Company and any director that is not entered into in the ordinary course of the Company's 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 the Company and another company, except where such company is the Company's wholly owned subsidiary, if one of the Company's 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 the Company's directors has an indirect interest.

Directors' Compensation. Director compensation for attendance at board meetings 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 the Company's combined general meetings of shareholders held on June 28, 2018, June 21, 2019 and June 26, 2020, shareholders set the total annual attendance fees to be distributed among non-employee directors at €280 thousand for 2018, €400 thousand for 2019 and €425 thousand for 2020.

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. The Company's directors are not required to own any of the Company's shares.

Shareholder rights

Rights, Preferences and Restrictions Attaching to Ordinary Shares (Articles 9, 16, 30, 33 and 34 of the Bylaws)

Dividends. The Company may only distribute dividends out of the Company's distributable profits, plus any amounts held in the Company's reserves that the shareholders decide to make available for distribution, other than those reserves that are specifically required by law.

"Distributable Profits" consist of the Company's 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, the Company must allocate 5% of the Company's statutory net profit for each year to the Company's 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, the Company's board of directors may propose a dividend for approval by the shareholders at the annual ordinary general meeting.

Upon recommendation of the Company's board of directors, the Company's 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 the Company's 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 the Company's share capital plus the amount of the Company's legal reserves which may not be distributed was equal to €1,795,611.50 at June 26, 2020.

The Company's 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 the Company has 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.

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 the Company's 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 the Company's 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 the Company's bylaws. Ownership of one share implies, *ipso jure*, adherence to the Company's 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 the Company's 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, ordinary bearer shares are not eligible for double voting rights. Purchasers of ADSs or of ordinary shares deposited with the depositary to receive ADSs, will be unlikely to meet the requirements to have double voting rights.

Under French law, treasury shares or shares held by entities controlled by the Company are not entitled to voting rights and do not count for quorum purposes.

Rights to Share in the Company's 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 the Company is 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 the Company's 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, the Company may acquire its own shares. Such acquisition may be challenged on the ground of market abuse regulations. However, Regulation (EU) No. 596/2014 of April 16, 2014 provides for safe harbor exemptions when the acquisition is made for one of the following purposes:

- to decrease the Company's 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 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
- the Company benefit from a simple exemption when the acquisition is made under a liquidity contract complying with the general regulations of, and market practices accepted by the French Financial Markets Authority (AMF).

All other purposes, and especially share buy-backs made for external growth operations in pursuance of Article L. 20-10-62 of the French Commercial Code, while not forbidden, must be pursued in strict compliance of market manipulation and insider dealing rules.

Under the Market Abuse Regulation 596/2014 of August 16, 2014 (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 the Company holding, directly or through a person acting on the Company's behalf, more than 10% of the Company's issued share capital. Shares repurchased by the Company continue to be deemed "issued" under French law but are not entitled to dividends or voting rights so long as the Company holds them directly or indirectly, and the Company may not exercise the preemptive rights attached to them.

Sinking Fund Provisions. The Company's 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 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." Exhibit 2.3 **Actions Necessary to Modify Shareholders' Rights**

Shareholders' rights may be modified as allowed by French law. Only the extraordinary shareholders' meeting is authorized to amend any and all provisions of the Company's 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. The Company's 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 the Company sends to such shareholder either at the shareholder's request or at the Company's 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 the Company sends to such shareholder either at the shareholder's request or at the Company's initiative, or which the Company includes 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 the Company's website at least 21 days before the date of the meeting. The voting form must be recorded by the Company 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, ADS holders should carefully read the section in this exhibit titled "II. American Depositary Shares—Voting Rights."

Notice of Annual Shareholders' Meetings. Shareholders' meetings are convened by the Company's 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 the Company's 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 the Company's 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 the Company's bylaws, or with a voting by correspondence form alone, under the conditions specified in the Company's 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 the Company's current share capital, one or more shareholders representing 5% of the Company's 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 the Company's 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. Decisions are made by a majority of the votes cast by the shareholders present, or represented by proxy, or voting by mail. Abstentions will have the same effect of a "no" vote. 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. The Company's bylaws may only be amended by approval at an extraordinary shareholders' meeting. The Company's 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 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. Decisions are made by a two-thirds majority of the votes cast by the shareholders present, represented by proxy, or voting by mail. Abstentions will have the same effect of a "no" vote.

Limitations

Ownership of ADSs or Shares by Non-French Residents

Neither the French Commercial Code nor the Company's 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 the Company, including any purchase of the Company's 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 and telecommunications. etc., pursuant to Law n°2019-486 (and as from April 1, 2020 pursuant to the decree n°2019-1590). The French government has adapted this foreign investment control procedure in France within the context of the ongoing COVID-19 pandemic in two ways: (i) the inclusion, by a Ministerial order (arrêté) of April 27, 2020, of biotechnologies in the list of critical technologies and (ii) the addition, by a Decree (décret) of July 22, 2020 as amended by Decree n°2020-1729 of December 28, 2020, of the threshold of 10% of voting rights of a company subject to French law whose securities are listed on a stock exchange as triggering the control procedure. The Decree of July 22, 2020, as amended by the Decree of December 28, 2020, currently provides that this new 10% threshold will be effective until December 31, 2020 and a fast-track review procedure for foreign investments exceeding this threshold.

Foreign Exchange Controls

Under current French foreign exchange control regulations there are no limitations on the amount of cash payments that the Company 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

The Company's shareholders will have the preferential subscription rights described under "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 the Company's 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. The Company 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 the Company's securities in the United States will be unable to exercise any preferential subscription rights and their interests will be diluted. The Company is under no obligation to file any registration statement in connection with any issuance of new shares or other securities. The Company intends 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 the Company of enabling the exercise by holders of shares in the United States and ADS holders of the subscription rights, and any other factors the Company considers appropriate at the time, and then to make a decision as to whether to register the rights. The Company cannot guarantee that it will file a registration statement.

For holders of the Company's ordinary shares represented by ADSs, the depository may make these rights or other distributions available to ADS holders. If the depository 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 herein titled "II. American Depositary Shares—Dividends and Other Distributions" explains in detail the depository'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*" in the Company's Annual Report on Form 20-F to which this description is filed as an exhibit.

Provisions Having the Effect of Delaying, Deferring or Preventing a Change in Control of the Company

Provisions contained in the Company's bylaws and French corporate law could make it more difficult for a third-party to acquire the Company, even if doing so might be beneficial to the Company's 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 the Company, including any purchase of the Company's 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 Company's 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, including biotechnologies, 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°2019-1580 of December 31, 2019, as amended by decree (arrêté) of April 27, 2020). See "Limitations Affecting Shareholders of a French Company;"
- a merger (i.e., in a French law context, a share for share exchange following which the Company's company would be dissolved into the acquiring entity and the Company's shareholders would become shareholders of the acquiring entity) of the Company's company into a company incorporated in the European Union would require the approval of the Company's board of directors as well as a two-thirds majority of the votes cast by the shareholders present, represented by proxy or voting by mail at the relevant meeting;
- a merger of the Company's company into a company incorporated outside of the European Union would require 100% of the Company's shareholders to approve it;
- under French law, a cash merger is treated as a share purchase and would require the consent of each participating shareholder;

- the Company's shareholders have granted and may grant in the future the Company's board of directors broad authorizations to increase the Company's share capital or to issue additional ordinary shares or other securities, such as warrants, to the Company's shareholders, the public or qualified investors, including as a possible defense following the launching of a tender offer for the Company's shares;
- the Company's shareholders have preferential subscription rights on a pro rata basis on the issuance by the Company of any additional securities for cash or a set-off of cash debts, which rights may only be waived by the extraordinary general meeting (by a two-thirds majority vote) of the Company's shareholders or on an individual basis by each shareholder;
- the Company's 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 directors' 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 the Company's board of directors ;
- the Company's board of directors can be convened by its chairman or its 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;
- the Company's 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;
- the Company's 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 cast 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;
- the Company's 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 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 of the Company's shareholders present, represented by a proxy or voting by mail at the meeting. Exhibit 2.3 **Disclosure of shareholdings**

Declaration of Crossing of Ownership Thresholds (Article 9 of the Bylaws)

Any individual or legal entity referred to in Articles L. 233-7, L. 233-9 and L. 233-10 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 the event 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, alone or acting in concert, crossing 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.

Differences in Corporate Law

The Company is 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 the Company 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.
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.

	FRANCE	DELAWARE
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	<p>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.</p> <p>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 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 and, as the case may be, the email address to which they may send written questions.</p> <p>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 and conditions in which they can obtain voting forms by mail.</p>	<p>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.</p>

	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	<p>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 cast by the shareholders present at the extraordinary general 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 meeting, each shareholder may individually either exercise, assign or not exercise its preferential subscription rights. Preferential subscription rights may only be exercised during the subscription period. In accordance with French law, the exercise period shall not be less than five trading days. Preferential subscription rights are transferable during a period equivalent to the subscription period but 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.</p>	<p>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.</p>
Sources of Dividends	<p>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.</p> <p>"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.</p> <p>"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.</p> <p>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.</p>	<p>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.</p>

	FRANCE	DELAWARE
Repurchase of Shares	<p>Under French law, a corporation may acquire its own shares. Such acquisition may be challenged on the ground of market abuse regulations. However, the Market Abuse Regulation 596/2014 of April 16, 2014 (MAR) provides for safe harbor exemptions when the acquisition is made for the following purposes:</p> <ul style="list-style-type: none"> • to decrease its share capital with the approval of the shareholders at the extraordinary general meeting; • to meet obligations arising from debt securities, that are exchangeable into equity instruments; or • with a view to distributing the relevant shares to employees or managers under a profit-sharing, free share or share option plan. <p>All other purposes, and especially share buy-backs for external growth operations by virtue of Article L. 20-10-62 of the French Commercial Code, while not forbidden, must be pursued in strict compliance of market manipulation and insider dealing rules.</p> <p>Under the Market Abuse Regulation 596/2014 of April 16, 2014 (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.</p> <p>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.</p>	<p>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.</p>

	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: <ul style="list-style-type: none"> • 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 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.
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: <ul style="list-style-type: none"> • the approval of the board of directors; and • approval by a two-thirds majority of the votes cast 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 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: <ul style="list-style-type: none"> • 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.	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
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	<p>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.</p> <p>The plaintiff must remain a shareholder through the duration of the legal action.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
Amendment of Bylaws	<p>Under French law, only the extraordinary 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 shareholders meeting for this purpose, and subject, in both cases, to ratification by the next extraordinary shareholders' meeting.</p>	<p>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.</p>

Changes in Share Capital

Increases in Share Capital (Article 10 of the Bylaws). Pursuant to French law, the Company's share capital may be increased only with shareholders' approval at an extraordinary general shareholders' meeting following the recommendation of the Company's board of directors. The shareholders may delegate to the Company's 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 the Company's 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 the Company.

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 the Company's share capital requires shareholders' approval at an extraordinary general shareholders' meeting following the recommendation of the Company's 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 the Company issues 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, the Company's 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 meeting by a two-thirds vote of the Company's shareholders or individually by each shareholder. The Company's board of directors and its 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.

In the future, to the extent permitted under French law, the Company 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.

II. AMERICAN DEPOSITARY SHARES

The Bank of New York Mellon acts as the depository for the American Depositary Shares. The Bank of New York Mellon's depository 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 depository. ADSs may be evidenced by certificates that are commonly known as American Depositary Receipts, or ADRs. The depository typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Société Générale.

An owner of ADSs may hold its ADSs either (1) directly (a) by having an ADR, which is a certificate evidencing a specific number of ADSs, registered in such owner's name, or (b) by having uncertificated ADSs registered in the owner's name in the Direct Registration System, or DRS, or (2) indirectly by holding a security entitlement in ADSs through the owner's broker or other financial institution that is a direct or indirect participant in the Depository Trust Company, or DTC. If an owner of ADSs decides to hold its

ADSs directly, such owner is a registered ADS holder, also referred to as an ADS holder. This description assumes all owners are an ADS holder. If an owner of ADSs decides to hold the ADSs indirectly, such owner must rely on the procedures of its broker or other financial institution to assert the rights of ADS holders described in this section. Such indirect holder should consult with its 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.

An ADS holder will not be treated as one of the Company's shareholders and such ADS holder will not have shareholder rights. French law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying each owner's ADSs. A holder of ADSs will have ADS holder rights. An amended and restated deposit agreement among the Company, the depositary and all 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. More complete information is contained in the amended and restated deposit agreement and the form of ADR. Members of the public may obtain copies of those documents from the SEC's website at www.sec.gov. A copy of the amended and restated deposit agreement is also filed as an exhibit to the Company's Annual Report on Form 20-F to which this description is also an exhibit.

Dividends and Other Distributions

How will ADS holders receive dividends and other distributions on the ordinary shares?

The depositary has agreed to pay or distribute to owners of ADSs the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, after deducting its fees and expenses. Owners of ADSs will receive these distributions in proportion to the number of ordinary shares such owner's ADSs represent.

Cash. The Company does not expect to declare or pay any cash dividends or cash distributions on the Company's ordinary shares for the foreseeable future. The depositary will convert any cash dividend or other cash distribution the Company pays 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 titled "Taxation" in the Company's Annual Report on Form 20-F to which this description is filed as an exhibit. 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, ADS holders may lose some or all of the value of the distribution.*

Ordinary Shares. The depositary may distribute additional ADSs representing any ordinary shares the Company distributes 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 the Company offers holders of its 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, owners of ADSs will receive no value for them.*

The depositary will exercise or distribute rights only if the Company asks it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary makes rights available to ADSs holders, it will exercise the rights and purchase the ordinary shares on such holders' behalf and in accordance with such holders' instructions. The depositary will then deposit the ordinary shares and deliver ADSs to such ADS holders. It will only exercise rights if such ADS holder pays it the exercise price and any other charges the rights require such holders 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 ADS holders anything else the Company distributes 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 the Company distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what the Company 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 the Company 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 the Company 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. The Company has no obligation to register ADSs, ordinary shares, rights or other securities under the Securities Act. The Company also has no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that ADS holders may not receive the distributions the Company makes on its ordinary shares or any value for them if it is illegal or impractical for the Company to make them available to such ADS holder.*

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if a shareholder or their 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 such shareholder requests 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?

An ADS holder may surrender its 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 such holder or a person designated by such holder at the office of the custodian or through a book-entry delivery. Alternatively, at the holder's 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 such holder may specify. The depositary may charge the holder 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?

An ADS holder may surrender its ADRs to the depositary for the purpose of exchanging its ADRs for uncertificated ADSs. The depositary will cancel the ADRs and will send such holder a statement confirming that the holder is 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 such holder an ADR evidencing those ADSs.

Voting Rights

How do ADS holders vote?

An ADS holder may instruct the depositary to vote the number of whole deposited ordinary shares such holder's ADSs represent. If the Company requests the depositary to solicit the holder's voting instructions (and the Company is not required to do so), the depositary will notify such holder of shareholders' meetings or other solicitations of consents and arrange to deliver the Company's voting materials to such holder. Those materials will describe the matters to be voted on and explain how the holder 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 the ADS holder, 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 such holder's request. If the Company does not request the depositary to solicit the holder's voting instructions, such holder can still send voting instructions, and, in that case, the depositary may try to vote as the holder instructs, 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 the Company timely asked the depositary to solicit the ADS holder's instructions but the depositary does not receive voting instructions from such holder by the specified date and the Company confirms to the depositary that (1) the Company wishes to receive a proxy, (2) as of the instruction cutoff date the Company reasonably does 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 the Company's shareholders, then the depositary will consider ADS holders to have authorized and directed it to give a proxy to a person designated by the Company to vote the number of deposited securities represented by such holder's ADSs in favor of that question, but only if the question was endorsed by the Company's board of directors.

The Company cannot assure ADS holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their 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 ADS holders may not be able to exercise their right to vote and there may be nothing such holders can do if their ordinary shares are not voted as requested.*

In order to give ADS holders a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if the Company requests the depositary to act, the Company 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, ADS holders will not be able to exercise their right to vote unless they withdraw the ordinary shares. However, ADS holders may not know about the shareholder meeting enough in advance to withdraw the ordinary shares.

Fees and Expenses

What fees and expenses will ADS holders 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:

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$0.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to an ADS holder had been ordinary shares and the shares had been deposited for issue of ADSs

\$0.05 (or less) per ADS per calendar year

Registration or transfer fees

Expenses of the depositary

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

Any charges payable by the depositary, custodian or their agents in connection with the servicing of deposited securities

For:

- 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
- Any cash distribution to an ADS holder
- Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to an ADS holder
- Depositary services
- Transfer and registration of ordinary shares on the Company's share register to or from the name of the depositary or its agent when an ADS holder deposits or withdraws shares
- Cable (including SWIFT) and facsimile transmissions as expressly provided in the amended and restated deposit agreement
- Converting foreign currency to U.S. dollars
- As necessary
- 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 the Company 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

depository or its affiliate receives when buying or selling foreign currency for its own account. The depository 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 depository'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

ADS holders will be responsible for any taxes or other governmental charges payable on their ADSs or on the deposited securities represented by any of such holder's ADSs. The depository may refuse to register any transfer of a holder's ADSs or allow them to withdraw the deposited securities represented by such holder's ADSs until such taxes or other charges are paid. It may apply payments owed to ADS holders or sell deposited securities represented by such holder's ADSs to pay any taxes owed and such holder will remain liable for any deficiency. If the depository sells deposited securities, it will, if appropriate, reduce the number of ADSs registered in the ADS holder's name to reflect the sale and pay to such holder any net proceeds, or send such holder any property, remaining after it has paid the taxes. An ADS holder's obligation to pay taxes and indemnify the Company and the depository against any tax claims will survive the transfer or surrender of such holder's 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 the Company:

- Changes the nominal value of the Company's ordinary shares
- Reclassifies, splits up or consolidates any of the deposited securities
- Distributes securities on the ordinary shares that are not distributed to ADSs holders

If the Company:

- Recapitalizes, reorganizes, merges, liquidates, sells all or substantially all of the Company's assets, or takes any similar action

Then:

The cash, ordinary shares or other securities received by the depository will become deposited securities.

Each ADS will automatically represent its equal share of the new deposited securities.

The depository may also deliver new ADSs or ask ADS holders to surrender their outstanding ADRs in exchange for new ADRs identifying the new deposited securities. The depository may also sell the new deposited securities and distribute the net proceeds if the Company is unable to assure the depository that the distribution (a) does not require registration under the Securities Act or (b) is exempt from registration under the Securities Act.

Then:

Any replacement securities received by the depository shall be treated as newly deposited securities and either the existing ADSs or, if necessary, replacement ADSs distributed by the depository will represent the replacement securities. The depository 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?

The Company may agree with the depository to amend the amended and restated deposit agreement and the ADRs without ADS holders' 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 depository 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.*

How may the amended and restated deposit agreement be terminated?

The depository will terminate the amended and restated deposit agreement if the Company asks it to do so, in which case the depository will give notice to ADS holders at least 90 days prior to termination. The depository may also terminate the amended and restated deposit agreement if the depository has told the Company that it would like to resign and the Company has not appointed a new depository within 60 days. In such case, the depository must notify ADS holders at least 90 days before termination. In addition, the depository may initiate termination of the amended and restated deposit agreement if (i) the Company delists its shares from an exchange on which they the Company is listed and does not list the shares on another exchange; (ii) the Company appears 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 depository 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 depository may sell the deposited securities. After that, the depository 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 depository will sell as soon as practicable after the termination date.

After the termination date and before the depository sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depository may refuse to accept a surrender for the purpose of withdrawing deposited securities if it would interfere with the selling process. The depository may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depository will continue to collect distributions on deposited securities, but, after the termination date, the depository 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 the Company's obligations and the obligations of the depository. It also limits the Company's liability and the liability of the depository to ADS holders. The Company and the depository:

- 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 the Company or depository is prevented or delayed by law or circumstances beyond the Company's control from performing the Company's obligations under the amended and restated deposit agreement;
- are not liable if either the Company or depository 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 ADS holders' 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 the Company believes in good faith to be genuine and to have been signed or presented by the proper person.

In the amended and restated deposit agreement, the Company and the depositary agree to indemnify each other under certain circumstances. Additionally, the Company, the depositary and each owner and holder waives the right to a jury trial in an action against the Company 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 the Company's transfer books are closed or at any time if the depositary or the Company think it advisable to do so.

ADS Holders' Right to Receive the Ordinary Shares Underlying Their 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 the Company has closed its transfer books; (2) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting; or (3) the Company pays a dividend on its ordinary shares;
- when ADS holders 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.

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 an ADS holders inspection at its office all communications that it receives from the Company as a holder of deposited securities that the Company makes generally available to holders of deposited securities. The depositary will send ADS holders copies of those communications or otherwise make those communications available to such holder if the Company asks it to. ADS holders 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 the Company's 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 the Company, 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 the Company or the depositary arising out of or relating to the Company's shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If the Company 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, ADS holders will not be agreeing to the terms of the deposit agreement, be deemed to have waived the Company's or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

ERYTECH PHARMA

Public limited company (*société anonyme*) with share capital of €1,795,611.50
Headquarters: 60, avenue Rockefeller, 69008 Lyon
Lyon Trade Register 479 560 013

**TERMS AND CONDITIONS
OF THE 2020 STOCK OPTION PLAN**

Adopted by the Board of Directors on July 28th, 2020

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ERYTECH PHARMA SA

2020 STOCK OPTION PLAN

In accordance with the authorization granted by the extraordinary general shareholders' meeting of June 26, 2020, the Board of Directors decided on July 28, 2020, in compliance with the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code, to adopt the 2020 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: <ul style="list-style-type: none">– companies of which at least ten per cent (10%) of the share capital or voting rights is held directly or indirectly by the Company;– companies which own directly or indirectly at least ten per cent (10%) of the share capital or voting rights of the Company; and– companies of which at least fifty per cent (50%) of the share capital or voting rights is held directly or indirectly by a company which owns directly or indirectly at least fifty percent (50%) of the share capital or voting rights of the Company.
"Applicable Laws"	means for the legal requirements relating to the administration of stock option plans under U.S. state corporate laws, U.S. federal and state securities laws and the Code and the applicable laws of any foreign country or jurisdiction where Options are, or will be, granted under the Plan
"Beneficiary"	means the Chairman of the Board (<i>Président du Conseil d'administration</i>), the general manager (<i>directeur général</i>) and the deputy general managers (<i>directeurs généraux délégués</i>) of the Company subject to the employees' tax regime, as well as any individual employed by the Company or by any Affiliated Company. For the avoidance of doubt, it is specified that holding a position as a director of the Company or as a director of an Affiliated Company (whether remunerated or not) shall <u>not</u> be deemed to constitute an 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 Chairman of the Board, the general manager or the deputy general manager subject to the employee's tax regime, that the term of their office has not been terminated and, as regards an employee, that the employment relationship between the Beneficiary and the Company or any Affiliated Company has not been terminated. For purposes of the Plan, an Optionee shall be deemed to cease Continuous Status as a Beneficiary immediately upon the occurrence of either of 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 though 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 or other personal leave approved by the Company; provided, however, that for a leave which exceeds three (3) months, Continuous Status as a Beneficiary shall be deemed, for purposes of determining the period within which any outstanding option held by the Optionee in question may be exercised as an Incentive Stock Option, to cease on the first day immediately following the expiration of such three (3)-month period, unless that Optionee is provided with the right to return to employment following such leave either by statute or by written contract.
- iv. Except to the extent otherwise required by law or expressly authorized by the Administrator or by the Company's 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 absence.

"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 Security Code or pursuant to any similar provision applicable to a foreign Affiliated Company or, if the Optionee is a U.S. Beneficiary, the inability of the Optionee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment and shall be determined by the Administrator on the basis of such 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 and 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 the 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 of one share on the regulated market on which the Company is listed for the day prior to the day of the decision of the Board of Directors to grant the options.
2. however, the Fair Market Value of a Share shall in no case be less than ninety-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 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 the Company, the exercise price, notwithstanding the above provisions and in accordance with applicable law, may not be less than 95% of the average purchase price paid by the Company for all shares so previously repurchased.

This price settled for the subscription or purchase of share shall not be modified during the period in which the option may be exercised. However, if the Company makes one of the operations mentioned in article L. 225-181 of French Commercial Code, it must take all necessary measures to protect the Optionee's interests in the conditions provided 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 may 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 and 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 Grant is 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 conditions 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 consent of the affected option holders, the cancellation of any or all outstanding options under the Plan and to grant in substitution therefor new options covering the same or different number of shares of common stock but with an 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 2020 Stock Option Plan as authorized by the Board of Directors on July 28, 2020
"Retirement"	means, pursuant to article L. 1237-5 of the French labor code, the retirement, upon the employer's decision, at full rate of an employee who has reached the age giving right to retirement, or any similar provision applicable to a 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 meeting held on June 26, 2020 as increased or amended from time to time by a further general meeting of the shareholders 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, or 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 subject to 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%) of 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 500,000 with a nominal value of 50,000.00 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 28 July, 2020 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 28, 2020, 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

- (a) 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.
- (b) 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 2020 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:

- 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.

(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)

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 entirety, 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:

- a. wire transfer with the execution of the corresponding exchange contract; or
- b. check;

- c. if the Optionee is not a U.S. Beneficiary, offset between receivables; 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 (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.

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.

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 ERYTECH PHARMA SA

_____ By: _____
Signature

_____ Title: _____
Print Name

Residence Address

EXHIBIT A

ERYTECH PHARMA
A French Société Anonyme having a share capital of EUR.[_____]
Registered office : [_____]
[] R.C.S. [_____]

**2020 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 2020 Stock Option Plan (the "Plan") adopted by the Board of Directors on July 28, 2020 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: Accepted by:
OPTIONEE (*) 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"

ERYTECH PHARMA

Public limited company (société anonyme) with share capital of €1,795,611.50
Headquarters: 60, avenue Rockefeller, 69008 Lyon
Lyon Trade Register 479 560 013

TERMS AND CONDITIONS OF THE FREE SHARE ALLOCATION PLAN (AGA2020 PLAN)

Adopted by the Board of Directors on July 28th, 2020

SUMMARY

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1) GENERAL PROVISION

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 €1,795,611.50 and headquarters at 60, avenue Rockefeller, 69008 Lyon, registered with the Trade Register of Lyon under number 479 560 013 (the "**Company**") on June 26, 2020, the Board of Directors decided during its meeting on July 28th, 2020 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 26, 2020.

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

"Share"	means one or more shares of the Company.
"Initial Allocation"	means any decision made by the Board of Directors to allot Free Shares to a given Beneficiary which grants to this Beneficiary the right to receive all or some of said Free Shares at the end of each Vesting Period, provided that all requirements of the Terms and Conditions have been met.
"Definitive Allocation"	means the allocation that occurs at the end of a Vesting Period, after which a Beneficiary becomes the effective and definitive owner of all or some of the Shares comprising the relevant Tranche.
"Authorization of Shareholders"	means the authorization to grant Free Shares given to the Board of Directors by the Erytech Pharma shareholders at the Combined Shareholders' Meeting on June 26, 2020 as amended by a subsequent shareholders' meeting, if appropriate.
"Beneficiary"	means an Eligible Person to whom at least one Share has been granted pursuant to the Terms and Conditions.
"Initial Allocation Date"	means the date on which the Board of Directors grants Free Share allocations and is the starting date of the Vesting Period.
"Final Allocation Date"	means the date on which each Beneficiary shall effectively acquire all or some of the Shares granted at the end of a Vesting Period.
"Eligible 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 July 28 th , 2020.
"Manager"	means the Board of Directors of the Company, which administers the Terms and Conditions in accordance with Article 5 of these Terms and Conditions.

“Disability”	means a disability of the Beneficiary which corresponds to the second or third category stipulated in Article L.341-4 of the Social Security Code.
“Group”	designates the Group composed of the Company and the Affiliated Companies.
“Vesting Periods”	means the periods defined in Article 9.a.i, which each begin to run from the Initial Allocation Date, during which Beneficiaries do not yet own the Shares granted to them but are owners of a conditional, future claim against the Company.
“Retention Periods”	means the periods during which Beneficiaries may not Assign Shares that have been definitively awarded pursuant to Article 9.c of the Terms and Conditions.
“Terms and Conditions”	means this 2020 AGA Plan as adopted by the Manager on July 28 th , 2020.
“Employee”	means an individual person who is employed by the Company or any Affiliated Company and subject to the direction and control of the employing entity in the performance and conduct of the work to be accomplished.
“Affiliated Company”	means a company that meets the criteria stipulated in Article L.225-197-2, I of the French Commercial Code: <ul style="list-style-type: none"> – - companies or economic interest groups in which the Company holds at least 10% of the capital or voting rights, either directly 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.
“Assign”	means the act of transferring, even temporarily, the ownership, co-ownership, bare ownership or beneficial interest in any 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 July 28th, 2020 decision, approved the Terms and Conditions that took effect on July 28th, 2020, 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, by email 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 (i) by sending, via registered mail with return receipt requested, (ii) 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") or (iii) or by any other electronic means as might be agreed upon between the Company and the bank appointed to manage the Plan 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 four (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 five (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 contract 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;
- iv. 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 2 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:

- all Shares vested in Tranche 1 for a Retention Period of one (1) year; and
- 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:

- the Disability of the Beneficiary as provided for under Article L. 225-197-1, I para. 6 of the French Commercial Code, or
- 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:

$$T_i = \text{MAX} [\text{MIN} [(\text{ERYP}_i - \text{ERYP2020}) / (\text{ERYP2020} * (\text{PM} - 1)) ; 100\%] ; 0\%]$$

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.

ERYP2020: 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 ninety-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 ninety-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:

$$G_i = (G_{\text{tot}} \times \sum_1^i p_i - \sum_1^{i-1} G_i) \times T_i$$

In which:

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.

Attachment 1 - Application examples of the formula for the calculation of T_i

Example 1

Total allocation	100	ERYP2020	ERYPi	PM	Ti	Gi	cumulated Gi
Tranche 1	32%	5,00 €	6,00 €	3	10,0%	3,2	3,2
Tranche 2	32%	5,00 €	14,00 €	3	90,0%	54,72	57,92
Tranche 3	32%	5,00 €	18,00 €	3	100,0%	38,08	96
Tranche 4	2%	5,00 €	4,00 €	3	0,0%	0	96
Tranche 5	2%	5,00 €	3,00 €	3	0,0%	0	96

Example 2

Total allocation	100	ERYP2020	ERYPi	PM	Ti	Gi	cumulated Gi
Tranche 1	32%	5,00 €	5,00 €	3	0,0%	0	0
Tranche 2	32%	5,00 €	5,00 €	3	0,0%	0	0
Tranche 3	32%	5,00 €	5,00 €	3	0,0%	0	0
Tranche 4	2%	5,00 €	5,00 €	3	0,0%	0	0
Tranche 5	2%	5,00 €	11,00 €	3	60,0%	60	60

NB: Gi not rounded here

Example 3

Total allocation	100	ERYP2020	ERYPi	PM	Ti	Gi	cumulated Gi
Tranche 1	32%	5,00 €	5,00 €	3	0,0%	0	0
Tranche 2	32%	5,00 €	8,00 €	3	30,0%	19,2	19,2
Tranche 3	32%	5,00 €	12,00 €	3	70,0%	53,76	72,96
Tranche 4	2%	5,00 €	16,00 €	3	100,0%	25,04	98
Tranche 5	2%	5,00 €	20,00 €	3	100,0%	2	100

NB: Gi not rounded here

ERYTECH PHARMA

Public limited company (*société anonyme*) with share capital of €1,795,611.50
Headquarters: 60, avenue Rockefeller, 69008 Lyon
Lyon Trade Register 479 560 013

**TERMS AND CONDITIONS
DETACHABLE ORDINARY STOCK
SUBSCRIPTION WARRANTS REFERRED TO AS BSA₂₀₂₀**

Adopted by the Board of Directors on July, 28th 2020

SUMMARY

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1. GENERAL PROVISIONS

Based on the authorization granted under the thirty-second resolution of the Combined Shareholders' Meeting of Erytech Pharma, a limited liability company (*société anonyme*) with share capital of €1,795,611.50 and headquarters at 60, avenue Rockefeller, 69008 Lyon, registered with the Lyon Trade and Companies under number 479 560 013 (the "**Company**") on June 26, 2020, the Board of Directors decided at its July 28th 2020 meeting to adopt the terms and conditions (the "**Terms and Conditions**") of the issuance of detachable ordinary stock subscription warrants (the "**BSA₂₀₂₀**") under the stipulations of Articles L. 228-91 *et seq.* of the Commercial Code.

Except where otherwise decided by the Board of Directors, the Terms and Conditions shall be applicable to all BSA₂₀₂₀ issuances that may be approved by the Board of Directors on the basis of the thirty-second resolution adopted by the Company's Combined Shareholders' Meeting of June 26, 2020, within eighteen (18) months following that Shareholders' Meeting.

2. DEFINITIONS

"BSA ₂₀₂₀ "	means the detachable stock subscription warrants issued by the Company's Board of Directors or as the case may be by the Chief Executive Officer upon delegation granted by the Board of Directors within eighteen (18) following the thirty-second resolution adopted by the Company's Combined Shareholders' Meeting of June 26, 2020.
"Disability"	means a disability of the BSA ₂₀₂₀ warrant holder corresponding to the second or third category stipulated in Article L.341-4 of the Social Security Code.
"Terms and Conditions"	means these Terms and Conditions of the BSA ₂₀₂₀ as adopted by the Company's Board of Directors on July 28 th 2020

3. NUMBER OF BSA₂₀₂₀

Pursuant to the thirty-second resolution of the Company's Combined Shareholders' Meeting of June 26, 2020, the Board of Directors was authorized to issue and grant detachable stock subscription warrants entitling their holders to subscribe maximum 100,000 ordinary shares of the Company, adjusted to account, as applicable, of any stock split or reverse split; note that the total amount of capital increases that could be carried out in application of the BSA₂₀₂₀ and of the bonus shares plans and stock subscription options adopted by the Board of Directors on July 28th 2020, may not exceed the 900,000 ordinary shares ceiling.

4. FEATURES OF THE BSA₂₀₂₀

4.1 BSA₂₀₂₀ subscription price

BSA₂₀₂₀ will be subscribed upon payment of a subscription price as determined by the issuance decision, on the basis of their fair market value price, of the board of directors or, as the case may be, of the Chief Executive Officer acting upon delegation granted by the Board. The subscription price shall be paid in full in cash at the time of the subscription via a cash payment.

4.2 Subscription

The BSA₂₀₂₀ subscription will be recorded by means of a subscription form to which are annexed these Terms and Conditions, duly issued by the Company and signed by the relevant warrant holder, together with the amount of the subscription within 90 days from the date of the issuance decision. Thereafter, the BSA₂₀₂₀ will automatically lapse except if expressly decided otherwise by the Company's Board of Directors.

4.3 Trading securities

The BSA₂₀₂₀ will be issued in the registered form and recorded in an account. The BSA₂₀₂₀ will be traded and transferred in accordance with the provisions of the Company's Articles of Incorporation and with the rules and regulations applicable to companies whose shares are listed for trading on a regulated market.

4.4 BSA₂₀₂₀ exercise price

For as long as the Company's shares are listed for trading on a regulated market, each BSA₂₀₂₀ will entitle its holder to subscribe under the conditions defined herein below one ordinary share with a par value of €0.10 at a per share exercise price approved by the Company's Board of Directors or as the case may be by the Chief Executive Officer upon delegation granted by the Board of Directors and equal to the maximum of (i) the closing price of the Company's stock on the day preceding the date of allocation of the BSA₂₀₂₀ and the (ii) the volume-weighted average closing price of the stock recorded over a period of at least five consecutive trading days as chosen by the Board of Directors or Chief Executive Officer to at most thirty consecutive trading days out of the thirty trading days prior to the setting of the exercise price with a 5% discount.

4.5 Types of shares subscribed through the exercise of the BSA₂₀₂₀

The shares subscribed by beneficiaries of the BSA₂₀₂₀ will be ordinary shares.

4.6 Number of shares subscribed through the exercise of the BSA₂₀₂₀

Each BSA₂₀₂₀ will entitle its holder to subscribe one (1) ordinary Company shares, subject to any adjustments required by law should the Company carry out certain transactions involving its share capital.

5. BSA₂₀₂₀ EXERCISE METHODS

5.1 Exercise methods

The BSA₂₀₂₀ will be exercised by means of:

- A. delivery to the Company of a subscription form duly signed by the warrant holder mailed by registered mail with return receipt requested or by letter delivered in person and received by the Company no later than midnight on the expiration date of said BSA₂₀₂₀, and
- B. payment in full by the relevant warrant holder of the subscription price for the shares whose issue will result in the exercise of the BSA₂₀₂₀, in cash, including, as applicable, by means of offsetting with liquid liabilities due from the Company, with the understanding that:
 - 1.1.1 where the share subscription price is paid by check, the check must be included with the request (if the check is not a bank check, it will be considered payment in full at the date it is received only if it is fully funded),
 - 1.1.2 where the share subscription price is paid by bank transfer, the subscription price must be received in the Company's account no later than five (5) calendar days following the receipt of said subscription application.

Each BSA₂₀₂₀ can only be exercised once.

5.2 Exercise periods

Subject to the exercise conditions under Article 5.4 below, the BSA₂₀₂₀ may be exercised by each warrant holder at the expiration of a twenty four (24) months period following the date of the Board of Directors' meeting or, as the case may be, of the decision of the Chief Executive Officer acting upon delegation of the Board, having granted the BSA₂₀₂₀ to said holder.

Subject to the conditions under Article 5.4 below, the BSA₂₀₂₀ must be exercised on one or more occasions no later than within three (3) years of their issuance; note that any BSA₂₀₂₀ that have not yet been exercised at the end of such three (3) years will lapse automatically.

5.3 Accelerated exercise period

As an exception to the foregoing, in the event that a merger by absorption agreement is signed in which the Company is merged with and into another company or in the event of an Offer likely to lead to a Change in Control (hereinafter referred to, in both cases, as a "**Transaction**"), the BSA₂₀₂₀ exercise rights will be accelerated by the Company's Board of Directors so that all warrant holders are able to exercise 100% of their not yet exercisable BSA₂₀₂₀ and take part as Company shareholders in said Transaction if they so desire.

In such event, the Company will inform each warrant holder (or the warrant holder's beneficiaries) that the warrant holder has (15) days to exercise all the BSA₂₀₂₀ held; this exercise period is set freely by the Company in relation to the Transaction completion calendar. Failure to exercise all the BSA₂₀₂₀ held by the warrant holders within said period will result in the BSA₂₀₂₀ lapsing with no compensation due from the Company.

"**Change in Control**" means the event by which one or more persons acting in concert come to hold more than 50% of the Company's capital or voting rights.

"Offer" means any public offer (tender offer, exchange offering, combined offer, etc.) on all of the Company's shares which (i) has been filed with the French *Autorité des marchés financiers* after the BSA₂₀₂₀ subscription date (ii) has been declared compliant by the French *Autorité des marchés financiers*, (iii) has been recommended or approved by the Company's Board of Directors, and (iv) if subject to the normal procedure rules, has had a positive outcome.

5.4 Exercise conditions

The exercise of the BSA₂₀₂₀ by a given warrant holder is contingent on said warrant holder (i) being a corporate officer not subject to the tax and social security rules applicable to employees of the Company or its subsidiaries or (ii) being a member of the Board of Directors or of any special committee created by the Board of Directors of the Company or of one of its subsidiaries and not otherwise being an employee of the Company or of one of its subsidiaries.

Should a warrant holder no longer qualify under these conditions, except for reasons of non-renewal of their mandate as a member of the Board of Directors by the shareholders or non-renewal as a member of a special committee to the extent this member has not refused a mandate renewal offer or if this member's renewal has not been approved by the shareholders/Board of directors as applicable, the following rules shall apply except if decided otherwise by the Board of Directors:

- the BSA₂₀₂₀ that cannot be exercised at the Date as such term is defined below will lapse,
- the exercisable BSA₂₀₂₀ must be exercised by the relevant warrant holder within three (3) months from the Date, failing which the warrants will lapse.

The number of BSA₂₀₂₀ that may be exercised will be determined on the following date (the "Date"):

- in the event of removal: on the day of deliberation by the Company members or the relevant subsidiary or by the Board of Directors deciding on the removal,
- in the event of resignation: on the date of receipt by the Company or by the relevant subsidiary of the resignation letter,
- in the event of consultant contract termination: on the date of the effective consultant contract termination,
- in the event a member of the Board of Directors or of any special committee refuses the renewal of his mandate: on the date of the term date of his current mandate.

In the event of non-renewal as a member of the Board of Directors or as member of any special committee, the warrant holder continues to keep his rights related to the BSA₂₀₂₀ whether exercisable or not within the terms of articles 5 & 6 only if this member does not refuse a mandate renewal offer or if his or her renewal has not been approved by the shareholders (for the members of the Board of Directors) or by the Board of Directors (for the members of any special committee).

Furthermore, the exercisable BSA₂₀₂₀ must be exercised by the warrant holders or their beneficiaries, within six (6) months following the occurrence of the Disability or death of the BSA₂₀₂₀ warrant holder, failing which the warrants will lapse.

6. RIGHTS AND OBLIGATIONS ATTACHED TO SHARES ISSUED UPON THE EXERCISE OF THE BSA₂₀₂₀

The newly issued ordinary shares subscribed upon the exercise of the BSA₂₀₂₀ must be subscribed in cash and paid in full upon subscription.

The new shares issued upon the exercise of the BSA₂₀₂₀ will be, upon their issuance, fully assimilated into the existing ordinary shares and subject to all the statutory provisions applicable to existing shares of the same class.

They will carry rights as from the first day of the fiscal year in which they were subscribed.

7. PROTECTION OF BSA₂₀₂₀ WARRANT HOLDERS

7.1 Keeping the rights

Pursuant to Article L. 228-98 of the Commercial Code:

- in the event of a decrease in share capital due to losses by means of a reduction of the number of shares, the rights of BSA₂₀₂₀ warrant holders in terms of the number of shares to be received upon exercise of the BSA₂₀₂₀ will be reduced accordingly as if said warrant holders were company members as from the date of issuance of the BSA,
- in the event of a decrease in share capital due to losses by means of a reduction in the par value of the shares, the subscription price for the shares to which the BSA₂₀₂₀ warrant holders are entitled will not change; the issue premium will be increased by the amount of the decrease in par value.

Furthermore:

- in the event of a decrease in share capital not due to losses by means of a reduction in the par value of the shares, the subscription price for the shares to which the BSA₂₀₂₀ warrant holders are entitled will be decreased by the corresponding amount,
- in the event of a decrease in share capital not due to losses by means of a decrease in the number of shares, the BSA₂₀₂₀ warrant holders, if they exercise their BSA₂₀₂₀, may request to buy the shares under the same conditions as if they were company members at the time of the Company's share buyback.

The Company is authorized to changed its legal form, corporate purpose and profit distribution rules, as well as to amortize its capital and issue preferred shares as stipulated in Article L. 228-98 of the Commercial Code.

The Company is authorized to require that the BSA₂₀₂₀ warrant holders buy or redeem their rights as stipulated in Article L. 228-102 of the Commercial Code.

Subject to the powers expressly reserved by law to Company Members' Meetings and to Groups of Holders' Meetings, the Company Board of the Directors will have authority to take any measure relative to the protection of the rights of such holders as provided by law and by rules and regulations, specifically as set forth in Articles L. 228-98 et L. 228-99 of the Commercial Code. The protection of the rights of the BSA₂₀₂₀ warrant holders stipulated in Article L. 228-99 of the Commercial Code is ensured, at the Board of Directors choice, through one of the three options stipulated in said Article.

7.2 BSA₂₀₂₀ warrant holders as a group

In the event that there are many BSA₂₀₂₀ warrant holders, they will be automatically grouped together and such group will be subject to the provisions of Articles L. 228-103 *et seq.* of the Commercial Code for the purpose of defending their common interests, in accordance with the provisions of said articles. For the purposes herein, the representative of the BSA₂₀₂₀ warrant holders group will act in the capacity of agent of the BSA₂₀₂₀ warrant holders. The representative of the BSA₂₀₂₀ warrant holders group will be appointed pursuant to the rules and regulations in effect at the time of the Company's first grant of BSA₂₀₂₀.

8. ASSIMILATION

Should the Company simultaneously or subsequently issue new share subscription warrants whose holders have identical nominal amount rights equal to those of the BSA₂₀₂₀ warrant holders, such issuances will be assimilated upon issuance of the BSA₂₀₂₀, so that all of these securities holders form a single group.

9. APPLICABLE LAW – JURISDICTION

The BSA₂₀₂₀ and the Terms and Conditions are governed by French law.

A dispute arising from the 'interpretation or performance of the Terms and Conditions shall be under the exclusive jurisdiction of the Court of Appeals for the location of the Company's headquarters.

**AGREEMENT FOR THE ISSUANCE OF AND SUBSCRIPTION TO WARRANTS GIVING ACCESS
TO NOTES CONVERTIBLE INTO NEW AND/OR EXISTING SHARES WITH SHARE
SUBSCRIPTION WARRANTS ATTACHED ("*BONS D'EMISSION D'OBLIGATIONS
CONVERTIBLES EN ACTIONS NOUVELLES ET/OU EXISTANTES AVEC BONS DE
SOUSCRIPTION D'ACTIONS ATTACHES*")**

BETWEEN

ERYTECH PHARMA SA

AND

EUROPEAN HIGH GROWTH OPPORTUNITIES SECURITIZATION FUND

DATED JUNE 24, 2020

THIS AGREEMENT IS MADE ON JUNE 24, 2020

BETWEEN:

- (1) **ERYTECH PHARMA SA**, a French limited liability company (*société anonyme*) incorporated under the laws of France with a share capital of EUR 1,794,003.5, having its registered office at 60 Avenue Rockefeller, 69008 Lyon, France, and registered with the Lyon trade and companies register with registration number 479 560 013, represented by Mr. Gil Beyen, duly empowered (the "**Issuer**"),

AND:

- (2) **EUROPEAN HIGH GROWTH OPPORTUNITIES SECURITIZATION FUND**, represented by its management company, **EUROPEAN HIGH GROWTH OPPORTUNITIES MANCO SA**, a joint stock company (*société anonyme*) incorporated in Luxembourg, whose registered office is at 18, rue Robert Stümper, 2557 Luxembourg, registered with the Luxembourg trade and companies register under number B 124207 (the "**Investor**").

The Issuer and the Investor are hereinafter referred to as a "**Party**" and together the "**Parties**".

WHEREAS:

- A. The Investor is an investment entity specialized in providing flexible equity-linked financings.
- B. The Issuer is a French limited liability company (*société anonyme*) listed on Euronext Paris, with the ticker symbol "ERYP" and the International Securities Identification Number (ISIN): FR0011471135.
- C. As at the date of this agreement (the "**Agreement**"), the Issuer has a share capital of EUR 1,794,003.5 divided into 17,940,035 ordinary shares (collectively with the new shares to be issued hereunder the "**Shares**", each a "**Share**").
- D. The shareholders' general meeting of the Issuer held on June 21, 2019 (the "**Shareholders' Meeting**") authorized the board of directors of the Issuer (the "**Board of Directors**"), in its 25th resolution, to issue up to 10,000,000 ordinary shares or any securities giving access to the share capital of the Issuer to several categories of investors, including to the following category of investors: natural or legal persons, including companies, trusts or investment funds or other investment vehicles in any form whatsoever, subject to French or foreign law, investing on a regular basis in the pharmaceutical, biotechnological or medical technology sector (the "**EGM Resolution**").
- E. It is specified that the Shareholders' Meeting has fixed the maximum nominal amount of Shares to be issued pursuant to its 25th resolution to one million Euros (EUR 1,000,000) and the maximum nominal amount of debt securities to be issued pursuant to such resolution to EUR 150,000,000 (it being specified that the 20th resolution of the Shareholders' Meeting capped such amounts to EUR 1,300,000 and EUR 150,000,000 respectively, such caps being common to the 20th to 27th resolutions). As of the date of this Agreement, the abovementioned authorization relating to the issuance of Shares and/or securities giving access to the share capital of the Issuer has not been used. Therefore, the maximum number of new Shares that may be issued pursuant to this Agreement is 10,000,000, subject to the right of the Issuer to use an additional delegation to the Board of Directors granted by another shareholders' general meeting of the Issuer than the EGM described below.
- F. In its meeting held on June 8, 2020 (the "**Board Meeting**"), the Board of Directors granted all powers to the chief executive officer of the Issuer (i) to enter into an engagement letter with term sheet attached (the "**LOI**") summarizing the main terms and conditions of the Notes, the Warrants and the Note Warrants (as such terms are defined below) with Alpha Blue Ocean Inc., acting as arranger (the "**Arranger**"), and (ii) to enter into this Agreement.
- G. On June 9, 2020, the Issuer and the Arranger entered into the LOI.
- H. Upon the terms and subject to the conditions contained in this Agreement, the Investor wishes to commit to fund the Issuer by way of this Agreement up to sixty million Euros (EUR 60,000,000) (the "**Commitment**"), by subscribing to warrants ("**bons d'émission**") (the "**Note Warrants**") giving access to notes convertible into new and/or existing shares of the Issuer ("**Obligations Convertibles en Actions Nouvelles et/ou Existantes**") each with a par value of fifty thousand Euros (EUR 50,000), having the characteristics described in **Schedule 4** (the "**Notes**").
- I. Share subscription warrants ("**bons de souscription d'actions**"), having the characteristics described in **Schedule 6**, shall be attached to the Notes issued under each Tranche to be subscribed by the Investor (the "**Warrants**").
- J. On June 24, 2020, the chief executive officer of the Issuer decided to issue one thousand two hundred (1,200) Note Warrants in accordance with the terms of this Agreement within the limits set forth above.

- K. The Investor agrees to undertake the Commitment and to subscribe up to sixty million Euros (EUR 60,000,000) of aggregate principal amount of Notes, in several tranches of three million Euros (EUR 3,000,000) each (each, a "**Tranche**"), each in accordance with the terms and conditions hereof.
- L. The Parties will have the opportunity to renew three (3) times the Commitment in accordance with the terms of this Agreement, it being specified that an additional delegation to the Board of Directors granted by another shareholders' general meeting of the Issuer may have to be used in order to continue the financing program, if need be.
- M. In connection with the issuance of the Notes, the following documents have been prepared :(i) the LOI, (ii) the Agreement (including its schedules) and (iii) the press releases in French and English announcing the transaction and the final terms and conditions thereto (the "**Press Releases**"). The LOI, the Press Releases and the Publicly Available Information (as defined below) are called hereafter the "**Information Documents**" and each of them is called separately an "**Information Document**", it being specified that any references to the Information Documents (as defined below) shall include any amendment or supplement thereto.

NOW, THEREFORE, upon the terms and subject to the conditions contained in this Agreement, and in consideration of the foregoing and the mutual promises and covenants contained herein, the Parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, the following terms shall, when written with a capital initial letter, have the definition ascribed to them below or elsewhere in the Agreement. In case of discrepancy between the definition appearing in this Clause 1 and that appearing in a specific provision of this Agreement, such latter definition will prevail.

"150% Condition"	has the meaning set forth in Clause 3.4 (x).
"Affiliate"	means with respect to a person, any other person that, directly or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such person, it being specified that an investment fund shall be deemed Controlled by its management company and the company Controlling this management company and, with respect to an investment fund, Affiliate shall mean any entity which has the same management company.
"Agent"	means CM-CIC Banque Transatlantique, which is the investment service provider in charge of holding the securities accounts where the Shares are registered (or any other investment service provider in charge of holding the securities accounts where the Shares are registered at the date considered).
"Agreement"	means this agreement for the issuance of and subscription to the Note Warrants, the Notes and the Warrants, as may be amended from time to time.
"AMF"	means the Autorité des Marchés Financiers.
"Arranger"	shall have the meaning set forth in the recitals above.
"Bloomberg"	means Bloomberg LP, or would Bloomberg LP cease to exist, any other financial news and data service provider of reference publishing reliable data on the Issuer and the Shares.
"Board Meeting"	shall have the meaning set forth in the recitals above.
"Board of Directors"	shall have the meaning set forth in the recitals above.
"Business Day"	means any day during which banks in Paris, London and Luxembourg are usually open for business.
"By-laws"	means the articles of association (statuts) of the Issuer, as may be amended from time to time.
"Change of Control"	means the acquisition of the Control of the Issuer, by one or several individual(s) or legal entity(ies), acting alone or in concert within the meaning of article L. 233-10 of the French Commercial Code.
"Closing Date"	has the meaning set forth in Clause 3.1.
"Closing VWAP"	means, as of any trading day, the closing volume weighted average price of the Share on Euronext Paris as reported by Bloomberg.
"Commitment"	shall have the meaning set forth in the recitals above.
"Commitment Period"	means the period of twenty-four (24) months beginning on the signing date of this Agreement.

"Control"	has the same meaning given to it under Article L. 233-3 of the French Commercial Code.
"Conversion Amount"	shall have the meaning set forth in Paragraph 8.1. of Schedule 4.
"Conversion Cash Payment"	shall have the meaning set forth in Paragraph 8.1 of Schedule 4.
"Conversion Date"	shall have the meaning set forth in Paragraph 8.2. of Schedule 4.
"Conversion Notice"	shall have the meaning set forth in Paragraph 8.2. of Schedule 4.
"Conversion Period"	shall have the meaning set forth in Paragraph 8.1. of Schedule 4.
"Conversion Price"	means the higher of (i) 95% of the VWAP during the Pricing Period preceding the Conversion Date, (ii) the nominal value of a Share and (iii) the minimum share issuance price provided for in the EGM Resolution (or any other subsequent shareholders' resolution used for the purposes of this financing), i.e. 80% of the three (3) trading days VWAP preceding the Conversion Date, it being specified that the applicable minimum share issuance price shall, if applicable, take into account the Fair Market Value of the Warrants granted with respect to a Tranche. The Conversion Price will be determined by truncation after two decimal places. means a period, starting as from each Closing Date, during which the Issuer shall not be entitled to issue a new Tranche without the Investor's prior written consent, whose duration shall be of twenty (20) Trading Days.
	In the case where a Cool Down Period is ongoing, and:
"Cool Down Period"	(i) the Issuer fails to deliver the Shares resulting from the conversion of the Notes before the deadline mentioned in Paragraph 8.3 of Schedule 4; or (ii) the Shares are suspended from trading at the request of the Issuer or of the stock market authorities; or (iii) the Investor is prevented from converting the Notes or exercising the Warrants as a result of the suspension of the equity-linked securities of the Issuer decided by the Board of Directors for the implementation of a specific transaction in accordance with articles L. 225-149-1 and R. 225-133 of the French Commercial Code; or (iv) an inside information has been disclosed by the Issuer to the Investor, except if such information was expressly requested by the Investor, the duration of the ongoing Cool Down Period shall be automatically extended by the duration of the event mentioned in (i), (ii), (iii) or (iv) above.
"EGM Resolution"	shall have the meaning set forth in the recitals above.
"Euroclear"	means Euroclear France.
"Euronext"	means Euronext SA, operator of Euronext Paris.
"Euronext Paris"	means the regulated market of Euronext Paris.
"Event of Default"	shall have the meaning set forth in Clause 7
"Fair Market Value of the Warrants"	means the fair market value (as computed by the Issuer per standard Black & Scholes valuation model as of the date of the Request) with respect to each Tranche, communicated by the Issuer in the Request in the form of Schedule 9.
"French Commercial Code"	means the French Commercial Code (Code de commerce).
"French Monetary and Financial Code"	means the French Monetary and Financial Code (Code monétaire et financier).
"Indebtedness"	means any indebtedness for or in respect of: (i) any monies borrowed pursuant to one or more credit facility agreements or the issue of bonds, notes, debentures, loan stock or any similar instrument; (ii) the amount of any liability in respect of any guarantee for any of the items referred to in paragraph (i) above, it being understood that any amount calculated under this definition may only be counted once, even if an item may qualify under various paragraphs.
"Information Document(s)"	shall have the meaning set forth in the recitals above.
"Investor Call"	has the meaning set forth in Clause 3.1.
"Investor Call Notice"	refers to the document attached as Schedule 8.

"Issuance Date"	shall be the date the chief executive officer of the Issuer shall decide to issue the Note Warrants (i.e. within five (5) Trading Days from the date of this Agreement).
"Lien"	means any mortgage, lien, pledge, charge or any other security interest ("sûreté réelle").
"LOI"	shall have the meaning set forth in the recitals above.
"MAR"	means the Regulation n° 596/2014 of the European Parliament and of the Council of April 16, 2014.
"Material Adverse Change"	shall mean the occurrence of any event that prohibits or otherwise prevents the Issuer from entering into and performing any of its obligations under this Agreement in any material respect.
"Maturity Date"	has the meaning set forth in Paragraph 4 of Schedule 4.
"Note(s)"	shall have the meaning set forth in the recitals above.
"Note Warrant(s)"	shall have the meaning set forth in the recitals above.
"Note Warrant Exercise Date"	has the meaning set forth in Clause 3.1.
"Note Warrant Exercise Notice"	has the meaning set forth in Clause 3.1.
"Note Warrant Exercise Price"	means the total subscription price of the Notes, which shall be equal to ninety eight percent (98%) of the par value of a Note multiplied by the total number of Notes to be issued with respect to the given Note Warrant Exercise Notice, i.e. EUR 2,940,000 per Tranche (unless there has been a reduction in Tranche size in accordance with Clause 3.1, in which case the total subscription price of the Notes shall be EUR 1,470,000 per Tranche).
"Notice"	has the meaning set forth in Clause 9.1.
"Outliers"	means the percentage of data points from the top and bottom tails that shall be excluded from the data set.
"Parties"	shall have the meaning set forth in the recitals above.
"Press Releases"	shall have the meaning set forth in the recitals above.
"Pricing Period"	shall mean a period of three (3) consecutive Trading Days expiring on the Trading Day immediately preceding the Conversion Date.
"Principal Amount"	means the total amount of debt in principal represented by a Tranche of Notes, i.e. EUR 3,000,000 (unless there has been a reduction in Tranche size in accordance with Clause 3.1, in which case the debt in principal represented by a Tranche of Notes shall be EUR 1,500,000). In the event of conversion of one or several Notes, the other Note(s) not so converted shall remain in full force and effect with respect to that part of the Principal Amount which shall not yet have been repaid, such unpaid principal amount being then the "Principal Amount" for the purposes of this Agreement.
"Publicly Available Information"	shall mean the information contained in the 2019 Universal Registration Document no. D.20-0140 of the Issuer dated March, 19 2020 and all the press releases of the Issuer publicly available on its website since the date of the 2019 Universal Registration Document and any other publicly available information regarding the Issuer.
"Request"	means a written request submitted by the Issuer to the Investor in accordance with Clause 9.1, in the form attached hereto as Schedule 9.
"Securities Act"	shall have the meaning set forth in Clause 9.2.
"Shareholders' Meeting"	shall have the meaning set forth in the recitals above.
"Shares"	shall have the meaning set forth in the recitals above.
"Subsequent Tranche"	shall have the meaning set forth in Clause 3.1.
"Subsidiary(ies)"	means any entity which is Controlled, directly or indirectly, by another.

"Trading Day"	means any day during which Euronext Paris is open for business, provided that "Trading Day" shall not include (i) any day on which the Shares are scheduled to trade on such market for less than 4.5 hours (it being specified for the avoidance of doubt that any day during which there would be no effective trading would be considered as a Trading Day if this is not due to a suspension requested by the Issuer or the stock market authorities), (ii) any day on which the daily value traded of the Shares on Euronext Paris is lower than EUR 100,000, or (iii) any day that the Shares are suspended from trading at the request of the Issuer or of the stock market authorities during the final hour of trading on such market, unless such day is otherwise designated as a Trading Day in writing by the Investor.
"Tranche"	shall have the meaning set forth in the recitals above
"Warrant(s)"	shall have the meaning set forth in the recitals above.
"Warrant Exercise Date"	shall have the meaning set forth in Paragraph 5.2 of Schedule 6.
Warrant Exercise Notice"	shall have the meaning set forth in Paragraph 5.2 of Schedule 6.
"Warrant Exercise Period"	shall have the meaning set forth in Paragraph 5.1 of Schedule 6.
"Warrant Exercise Price"	shall be equal to 120% of the lowest Closing VWAP over the fifteen (15) Trading Days' period immediately preceding the Request to issue the first Tranche. The Warrant Exercise Price will be determined by truncation after two decimal places.
"Warrant Exercise Ratio"	shall have the meaning set forth in Paragraph 5.3 of Schedule 6.
"Warranties"	refers to the representations and warranties of the Issuer contained in Clause 5.1.

- 1.2 References in this Agreement to the Clauses and Schedules are to the Clauses of, and Schedules to, this Agreement and references to Paragraphs are to paragraphs in the Schedule in which such references appear. The Schedules form part of and are deemed to be incorporated in this Agreement.
- 1.3 References in this Agreement to any act, statute or statutory provision include references to any such provision as amended, re-enacted or replaced (with or without modification) provided that this Clause 1.3 will not operate to impose any greater financial or other liability on any Party than it would have been under but for such amendment, re-enactment, replacement or modification.
- 1.4 References in this Agreement to the singular include references to the plural and *vice versa* and references to the masculine gender include references to the feminine and neuter gender and *vice versa*.
- 1.5 Headings in this Agreement are inserted for convenience only and will not affect the interpretation of this Agreement or any part of it.
- 1.6 In this Agreement the words "includes", "including" and "included" will be construed without limitation unless inconsistent with the context.
- 1.7 The words "hereof", "herein", "herewith" and "hereunder" and words of similar import, when used in this Agreement, shall, in the absence of a specific provision to the contrary, refer to this Agreement as a whole.

2. ISSUANCE OF AND SUBSCRIPTION TO THE NOTE WARRANTS

Issuance

On the Issuance Date, the Issuer shall issue for free to the Investor one thousand two hundred (1,200) Note Warrants having the characteristics described in **Schedule 1**.

Subscription

The Investor shall subscribe for free on the Issuance Date to one thousand two hundred (1,200) Note Warrants, subject to the issuance by the Issuer of such Note Warrants, by delivering the subscription form in the form attached as **Schedule 2**.

3. EXERCISE OF THE NOTE WARRANTS

3.1 Exercise

Within two (2) Trading Days from the receipt of a Request sent by the Issuer (which request with respect to the first Tranche shall be sent no later than July 15, 2020), the Investor shall subscribe to the first Tranche comprising sixty (60) Notes by delivering a Note Warrant Exercise Notice (as defined below) and paying to the Issuer the Note Warrant Exercise Price of EUR 2,940,000 as follows:

- EUR 40,000 shall be paid by the Investor to the Issuer by way of set-off against the certain, liquid and due receivable amounting to EUR 40,000 held by the Investor against

the Issuer corresponding to the amount of the Investor's legal fees as provided for in Clause 9.7;
- EUR 90,000 shall be paid by the Investor to the Issuer by way of set-off against the certain, liquid and due receivable amounting to EUR 90,000 held by the Investor against the Issuer corresponding to a part of the amount of the commitment fee with respect to the first Tranche as provided for in Clause 3.5;
- the balance of the Note Warrant Exercise Price (i.e. EUR 2,810,000) shall be paid by electronic wire transfer in immediately available funds in Euros to a bank account designated by the Issuer by notice in writing in accordance with Clause 9.1 (or by another method of payment as may be agreed between the Investor and the Issuer).

From the drawdown of the first Tranche until the end of the Commitment Period, the Issuer shall have the right (and not the obligation) to request for the issuance of a Tranche¹ (each, a "**Subsequent Tranche**") by submitting a Request using the form set forth in **Schedule 9** on the earlier of:

- i. the Trading Day following the conversion (whether through one or several conversions) or redemption of all the Notes that had been issued in connection with a previous Tranche; or
- ii. the Trading Day following the expiry of the Cool Down Period with respect to the prior Tranche issued.

In order for the Investor to subscribe to the Notes, subject to the satisfaction of the conditions set forth in Clause 3.4, within two (2) Trading Days from the receipt of a Request in respect of a Subsequent Tranche, the Investor shall exercise the appropriate number of Note Warrants (i.e. 60 Note Warrants per Tranche, unless there has been a reduction in Tranche size in accordance with this Clause 3.1) by delivering to the Issuer a Note Warrant exercise notice in the form attached hereto as **Schedule 3** (a "**Note Warrant Exercise Notice**"), the date of receipt of the Note Warrant Exercise Notice being the "**Note Warrant Exercise Date**".

The Note Warrant Exercise Price with respect to each Subsequent Tranche shall be paid by the Investor to the Issuer as follows:

- EUR 90,000 shall be paid by the Investor to the Issuer by way of set-off against the certain, liquid and due receivable amounting to EUR 90,000 (or EUR 45,000 if there has been a reduction in Tranche size in accordance with this Clause 3.1) held by the Investor against the Issuer corresponding to a part of the amount of the commitment fee with respect to the relevant Subsequent Tranche as provided for in Clause 3.5;
- the balance of the Note Warrant Exercise Price (i.e. EUR 2,850,000, or EUR 1,425,000 if there has been a reduction in Tranche size in accordance with this Clause 3.1) shall be paid in cash by electronic wire transfer in immediately available funds in Euros to a bank account designated by the Issuer by notice in writing in accordance with Clause 9.1 (or by another method of payment as may be agreed between the Investor and the Issuer).

Evidence of such payment shall be satisfied by the delivery to the Issuer of an irrevocable wiring instruction giving effect to the above. The day on which such funds are received shall be a "**Closing Date**".

On each Closing Date, the Issuer shall procure the Agent to immediately update the securities accounts in which the Note Warrants, the Notes and the Warrants are registered to reflect the exercise of the Note Warrants, the registration of the Notes and, if applicable, the Warrants issued in the name of the Investor, and the payment of the Note Warrant Exercise Price.

The aggregate Principal Amount of the Notes issued under each Subsequent Tranche shall be equal

¹ Each tranche corresponds to a specific bond issue.

to three million Euros (EUR 3,000,000) (unless the Investor exercises its right to decrease the Principal Amount of the Notes of a Subsequent Tranche in accordance with the last paragraph of this Clause 3.1, in which case the Principal Amount of the Notes to be issued under such Subsequent Tranche shall be equal to one million five hundred thousand Euros (EUR 1,500,000)).

By exception to the above, should the average daily value traded over the trailing forty (40) Trading Days - trimmed for 10% of the Outliers - be higher than EUR 1,000,000, the Issuer shall have the right to request, at its sole discretion, to drawdown two (2) Tranches on any Closing Date (other than with respect to the first Tranche). Upon exercise of such right by the Issuer, the number of Tranches available for issuance under this Agreement shall be adjusted downward accordingly so that the amount of the Commitment shall remain unchanged.

Should the market capitalization of the Issuer on Euronext Paris (as measured by the Share price for the given day) be lower than EUR 50,000,000 for at least twenty (20) consecutive Trading Days at any time from the drawdown of the first Tranche until the expiry of the Commitment Period, the Investor shall temporarily have the right to reduce the Principal Amount of a Subsequent Tranche by fifty percent (50%) (i.e. the principal amount of the Tranche shall be reduced from EUR 3,000,000 to EUR 1,500,000). Such reduction of the Principal Amount of a Subsequent Tranche shall automatically lapse once the market capitalization of the Issuer (as measured by the Share price for the given day) has been higher than EUR 50,000,000. Upon exercise of such right by the Investor, the number of Tranches remaining available for issuance under this Agreement shall be adjusted upward accordingly so that the amount of the Commitment shall remain unchanged.

3.2 Investor Call

From July 15, 2020 (included) until the expiry of the Commitment Period, the Investor shall have the right to request the issuance of a Tranche (the "**Investor Call**") upon exercise of the relevant number of Note Warrants, by submitting a written notice in accordance with Clause 9.1 (an "**Investor Call Notice**") to the Issuer in the form attached hereto as **Schedule 8**. It is specified that the Investor shall have the right to request the issuance of up to two (2) Tranches (the first Tranche being excluded, for the avoidance of doubt), within the limit of one (1) Tranche at a time, each upon exercise of the relevant number of Note Warrants.

Upon exercise of the Investor Call, the Issuer shall send a Request within two (2) Trading Days. On the date of receipt of the Request, subject to the satisfaction of the conditions set forth in Clause 3.4, the Investor shall exercise the relevant number of Note Warrants by delivering to the Issuer a Note Warrant Exercise Notice and shall transfer, on such Closing Date, the Note Warrant Exercise Price by electronic wire transfer in immediately available funds in Euros to a bank account designated by the Issuer by notice in writing in accordance with Clause 9.1 (or by another method of payment as may be agreed between the Investor and the Issuer).

The characteristics of the Notes are described in **Schedule 4**. Notes may be converted in accordance with **Schedule 5**. The Notes issued under each Tranche shall constitute a distinct bond issue under French law.

3.3 Warrants

Warrants in the total combined amount of ten percent (10%) of the Principal Amount of each Tranche (i.e. three hundred thousand Euros (EUR 300,000), or one hundred fifty thousand Euros (EUR 150,000) if there has been a reduction in Tranche size in accordance with Clause 3.1) and having the characteristics described in **Schedule 6** shall be attached to the Notes issued pursuant to each Tranche. The number of Warrants that shall be attached to the Notes issued under each Tranche shall be equal to three hundred thousand Euros (EUR 300,000) (or one hundred fifty thousand Euros (EUR 150,000) if there has been a reduction in Tranche size in accordance with Clause 3.1), divided by the Warrant Exercise Price (the resulting number of Warrants being rounded down to the nearest whole number). Upon issuance, the Warrants will be detached from the Notes.

3.4 Conditions Precedent

The undertaking of the Investor to exercise Note Warrants and to fund the Note Warrant Exercise Price in connection with any Tranche is subject to the fulfillment by the Issuer, prior to or on each date of Request and on each Closing Date, of each of the following conditions:

- i. the Issuer has complied with the covenants of the Issuer set forth in Clause 4.1 hereunder;
- ii. there is no event or change rendering any one of the Warranties set forth in Clause 5 untrue or incorrect in any material respect;
- iii. no binding commitment shall have been entered into by the Issuer pursuant to which a Change of Control may occur;
- iv. no relevant authority (including the AMF) has objected or objects to the issuance of the Notes, the Warrants or their conversion or exercise;

- v. the AMF shall have approved a prospectus for the admission of the Shares on Euronext Paris to be issued upon conversion of the Notes and/or exercise of the Warrants. It is specified that this condition (v) shall only apply if the aggregate number of Shares corresponding to the sum of:
 - a. the Principal Amount of the Notes to be issued pursuant to the relevant Request (increased by the Principal Amount of any other outstanding Notes, if any) divided by the Closing VWAP as of the date of such Request;
 - b. the number of Shares to be issued upon exercise of the Warrants to be issued pursuant to the Request at stake;
 - c. the number of Shares to be issued upon exercise of any outstanding Warrants (if any); and
 - d. the aggregate number of Shares issued by the Issuer without any approval of prospectus by the AMF for the admission of such Shares on Euronext Paris over the last twelve (12) months,

would theoretically result in the admission to trading on Euronext Paris of a number of Shares exceeding the limits of the listing prospectus exemption provided for by Article 5.(a) of Regulation (EU) 2017/1129 dated June 14, 2017 (i.e. 20% of the share capital of the Issuer);
- vi. no event that constitutes an Event of Default, or may constitute a potential Event of Default, is outstanding and not cured within the relevant grace or remedy period;
- vii. the Commitment Period has not elapsed;
- viii. the Shares (i) shall be listed on Euronext Paris and (ii) shall not have been suspended, as of the relevant date, by the AMF or Euronext from trading on Euronext Paris;
- ix. the Issuer shall have at least such number of Shares authorized, available, and approved for issuance to the Investor upon conversion of all outstanding Notes that is equal to 175% of the Principal Amount of the Notes to be issued pursuant to the Request at stake (increased by the Principal Amount of any other outstanding Notes, if any) divided by the Closing VWAP as of the date of such Request (or, if it has not been the case, the Issuer shall have (a) bought back the outstanding Note Warrants for an aggregate price of one euro (EUR 1), and (b) immediately issued for free to the Investor an equal number of new Note Warrants under an existing delegation granted to the Board of Directors by the general meeting of shareholders of the Issuer allowing the issuance of a number of Shares satisfying the calculation method of this Clause 3.4 (ix));
- x. the closing price of the Shares on Euronext Paris shall have been higher than 150% of the nominal value of the Share for a period of more than sixty (60) Trading Days (the "**150% Condition**") prior to the date on which a Request is sent (or, if it has not been the case, the Issuer's share capital has been reduced during such period by way of a reduction of the nominal value of the Shares to be divided by two (2) or at least reduced to the largest extent possible). It is specified that in the case where one or several Tranche(s) of Notes are outstanding, the 150% Condition shall be increased accordingly by 15% for each full Tranche of Notes outstanding; and
- xi. no Material Adverse Change shall have occurred.

The Investor shall have the discretionary right to waive the total or partial satisfaction of any one of the above-mentioned conditions.

3.5 Commitment fee

In consideration for the Commitment, the Issuer shall pay to the Investor a commitment fee equal to 3% of the Principal Amount of each Tranche (i.e. EUR 90,000 per Tranche unless there has been a reduction in Tranche size in accordance with Clause 3.1), to be paid on each Note Warrant Exercise Date. The Parties expressly agree that the amount of such commitment fee shall be paid by way of set off against the subscription price due to be paid by the Investor with respect to the Tranche at stake.

4. COVENANTS OF THE ISSUER AND OF THE INVESTOR

4.1 Covenants of the Issuer

The Issuer covenants and agrees, in respect of the period from the Issuance Date until the expiry date of the Commitment Period, as follows:

- 4.1.1 The Issuer will at all times and in all material respect comply with the relevant provisions of the Euronext Paris rules, MAR, the AMF General Regulation (*Règlement Général de l'Autorité des Marchés Financiers*), the French Commercial Code and the French Monetary and Financial Code and the By-laws, except where failure to

be so in compliance would not reasonably be expected, individually or in the aggregate, to materially affect its ability to perform its obligations, undertakings and commitments hereunder, or as disclosed in the Publicly Available Information.

4.1.2 The Issuer will do all reasonable things necessary to preserve and keep in full force and effect its corporate existence and the corporate existence of its Subsidiaries.

4.1.3 Once a contemplated merger of the Issuer with or into any other person or entity be disclosed to the investment community through a press release, the Issuer and the Investor shall discuss in good faith, within sixty (60) calendar days from such public announcement, the possibility to continue the Agreement or to implement a transaction similar to that contemplated hereunder within the surviving entity.

4.1.4 The Issuer will not sell, lease, transfer, liquidate or otherwise dispose of all or substantially all of its assets now owned or hereafter acquired in a single transaction (or a series of related transactions), except for fair consideration or on an arm's length basis.

4.1.5 The Issuer shall not drawdown any variable rate equity financings (such as equity lines) currently in place or participate in any variable rate equity financings in each case on Euronext Paris, unless the variable rate element of such financing (e.g. issuance of Shares, redemption into Shares, etc.) may only occur after the later of (x) the expiry date of the Commitment Period, or (y) the date on which any and all Notes funded under the Commitment shall have been fully converted.

For the avoidance of doubt, the provisions of the paragraph above do not prohibit the Issuer from raising funds by any other means, such as for example, the issuance of securities for which the conversion/redemption/exercise price is fixed and issuance of securities in ATM financings.

4.1.6 So long as any Note is outstanding, without the prior written approval of the Investor, which shall not be unreasonably withheld, the Issuer shall not contract, create, incur or suffer to exist any Indebtedness which would render the Notes subordinated contractually or by operation of law to such Indebtedness in right of payment of interest and principal and in an amount greater than EUR 20,000,000, other than the following:

- i. the Notes;
- ii. Indebtedness incurred in the normal course of business which existed on the Issuance Date (or any refinancing thereof);
- iii. Indebtedness incurred for the purposes of acquiring an asset or a business (or any refinancing thereof);
- iv. Indebtedness resulting from a sale and lease back arrangement on real estate property;
- v. Indebtedness resulting from PGE (*Prêt Garanti par l'Etat*) and R&D loans granted by Bpifrance; and
- vi. Indebtedness resulting from IFRS16 impacts on the accounts of the Issuer.

4.1.7 The Issuer shall not communicate to the Investor, any Note or Warrant holder as the case may be, any inside information ("*information privilégiée*") within the meaning of Article 7 of MAR, except if such information was expressly requested by the Investor in which case this covenant shall not apply. Should the Issuer be in breach of the aforesaid obligation, the Issuer shall, at the latest on the following Trading Day, make public said information to the investment community through a press release.

4.1.8 So long as any Note is outstanding, the Issuer shall not create or assume any Lien on its business ("*fonds de commerce*"), or on its shareholdings in a Subsidiary in order to secure Indebtedness incurred or guaranteed by it unless the Notes are equally and rateably secured therewith.

4.1.9 Notwithstanding the provisions of Clause 9.10 below, the Issuer shall provide to the Investor a draft of any press release (in French and in English) to be issued by the Issuer in connection with the Note Warrants, the Notes and/or the Warrants or in connection with this Agreement at the latest two (2) calendar days prior to its contemplated date of circulation. The Issuer shall:

- i. announce the terms of this transaction in accordance with the requirements of the Euronext Paris rules, MAR and the AMF General Regulation; and
- ii. make a public announcement in case of (a) exercise of an Investor Call by the Investor, or (b) delivery of a Request by the Issuer to the Investor, in each case as required by applicable laws and regulations.

4.1.10 As from the Issuance Date, the Issuer shall (i) make available on its website a table in order to follow-up the number of outstanding Note Warrants, Notes, Warrants and Shares issued upon conversion of the Notes and exercise of the Warrants (together with an update on the total number of Shares and voting rights in the Issuer) and (ii) update such table immediately after the receipt of any Note Warrant Exercise Notice, Conversion Notice and/or Warrant Exercise Notice sent by the Investor.

4.1.11 The Issuer will cause the Agent, acting as registrar (*établissement financier en charge du suivi titres*) of the Issuer, to list all Shares issued from time to time at the latest with effect from the opening of business on the third (3rd) Trading Day following their issuance.

4.1.12 The Issuer shall make any payment due to the Investor (or any of its Affiliates) under this Agreement within ten (10) Trading Days from the due date.

4.1.13 On each Conversion Date, the Issuer shall calculate if the aggregate number of Shares corresponding to the sum of :

- a. the Principal Amount of the outstanding Notes divided by the Closing VWAP on such Conversion Date;
- b. the number of Shares to be issued upon exercise of any outstanding Warrants (if any); and
- c. the aggregate number of Shares issued by the Issuer without any approval of prospectus by the AMF for the admission of such Shares on Euronext Paris over the last twelve (12) months,

would theoretically result in the admission to trading on Euronext Paris of a total number of Shares exceeding the limits of the listing prospectus exemption provided for by Article 5.(a) of Regulation (EU) 2017/1129 dated June 14, 2017, in which case (x) the Issuer shall immediately notify it by e-mail with acknowledgement of receipt to the Investor, and (y) the Conversion Notice at stake shall be automatically deemed withdrawn by the Investor.

4.2 Covenant of the Investor

The Investor covenants and agrees, in respect of the period from the Issuance Date until the later of (i) the expiry date of the Commitment Period and (ii) the date on which the Shares are no longer listed on Euronext Paris or on any other regulated market, not to send, as from the receipt of any notification made by the Issuer to the Investor in accordance with Clause 4.1.13, any Conversion Notice to the Issuer that would result in the admission to trading on Euronext Paris of a total number of Shares exceeding the limits of the listing prospectus exemption provided for by Article 5.(a) of Regulation (EU) 2017/1129 dated June 14, 2017.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and warranties of the Issuer

The Issuer hereby represents and warrants to the Investor that the representations and warranties given in this Clause 5.1 shall be true and correct in all material respects as of the the date of this Agreement and shall be deemed to have been repeated, subject to any disclosure made to the public by the Issuer from the Issuance Date until the expiry of the Commitment Period, on each date of Request and on each Closing Date:

- i. it has full power and authority to enter into this Agreement and to perform all the obligations resulting therefrom subject to the approval of another shareholders' general meeting of the Issuer that may have to be used in order to continue the financing program;
- ii. as of their respective date, the signature of this Agreement and the performance of the obligations arising therefrom are not in violation of any provision of its By-Laws or of any previous contractual commitments with other parties except where such failure would not reasonably be expected, individually or in the aggregate, to materially affect its ability to perform its obligations, undertakings and commitments hereunder after the Issuance Date;
- iii. the entry into and performance by the Issuer of its obligations under this Agreement does not and will not conflict with or cause a default under any finance agreement entered into by the Issuer except where such failure would not reasonably be expected, individually or in the aggregate, to materially affect its ability to perform its obligations, undertakings and commitments hereunder;
- iv. its capital is fully paid up as of the Issuance Date;

- v. it has complied with all applicable legal and regulatory requirements to be complied by it on such date in respect of the issuance of the Note Warrants, the Notes, the Warrants, and for the admission to trading on Euronext Paris of the Shares which may be issued upon the conversion of the Notes and/or the exercise of the Warrants other as specified in paragraph (vii) below, except where such failure would not reasonably be expected, individually or in the aggregate, to materially affect its ability to perform its obligations, undertakings and commitments hereunder;
- vi. neither the issue of the Note Warrants, the Notes, the Warrants or the Shares upon conversion of the Notes and/or exercise of the Warrants will be subject to any pre-emptive (*droit préférentiel de souscription*) or similar rights;
- vii. except with respect to any necessary approvals from Euronext for the listing of the Shares upon conversion of the Notes and/or exercise of the Warrants, neither the Issuer nor any Subsidiary is required to obtain any consent, waiver, authorization or order of, or make any filing or registration with, any court or other governmental or regulatory authority or other person in connection with the execution, delivery and performance by the Issuer of this Agreement, the issue of any Note Warrants, the Notes, the Warrants or Shares. As of the Issuance Date, any necessary consents and approvals shall have been obtained and shall be in full force and effect;
- viii. there is no court-ordered insolvency procedures (including any action, suit, notice of violation, proceeding or investigation) pending which (i) relates to or challenges the legality, validity or enforceability of this Agreement or (ii) could, individually or in the aggregate, be reasonably expected to impair materially the ability of the Issuer to perform fully on a timely basis its obligations under this Agreement;
- ix. the main publicly available corporate documents of the Issuer (*statuts, Extraits K-Bis* and *Certificat de non-faillite*) are accurate, complete and up-to-date on the date on which they were submitted;
- x. neither the Issuer nor any of its Subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous twelve (12) months which may have, or have had in the recent past, significant material adverse effects on the financial position of the Issuer or on the ability of the Issuer to perform its material obligations under this Agreement or the Notes, or that are otherwise material in the context of the issuance of the Notes other than as disclosed in the Information Documents; and
- xi. once issued and subscribed for in accordance with the terms of the Agreement, the Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and, at all times so long as any Note is outstanding, will rank equally between themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably (*pari passu*) with all other present or future unsecured and unsubordinated debt securities of the Issuer, from time to time outstanding.

5.2 Representations and warranties of the Investor

The Investor hereby represents and warrants to the Issuer that the following representation and warranty shall be true and correct as of the date of this Agreement and shall be deemed to have been repeated on each date of Request and on each Closing Date:

- i. the Investor, and any permitted transferee to which Note Warrants, Notes or Warrants would be transferred as the case may be, falls within the category of investors described in the EGM Resolution and to which the Note Warrants issuance has been reserved to; i.e. that the Investor is a natural or legal person, including company, trust or investment fund, organized under French or foreign law, that regularly invest in the pharmaceutical, biotechnological or medical technology sector.

6. INDEMNIFICATION

The undertaking by the Investor to subscribe to the Note Warrants or exercise them and pay for the Notes having been made on the basis of warranties given by the Issuer in paragraphs (i) to (vi) of Clause 5, and with the certainty that the latter shall remain true and accurate up to and including the Issuance Date and each date of Request and each Closing Date, the Issuer undertakes to hold harmless the Investor against any direct loss, liability, damages and any expenses and costs (excluding legal costs) - justified by a document evidencing the harm suffered by the Investor - that the Investor may incur or sustain as a result of or due to any false representation or any violation or any breach or any actual inaccuracy or omission of any warranties given by the Issuer in paragraphs (i) to (vi) of Clause 5, except in the case of fraud ("*fraude*") gross negligence ("*faute lourde*") or wilful misconduct ("*faute intentionnelle*") of the Investor. In the event that a claim or a court action shall be brought by a third party against the Investor in respect of which indemnification may be sought from the Issuer pursuant to the terms of this Agreement, the Investor shall (i) promptly inform the Issuer of the progress of such claim or court action and (ii) consult it to the full extent possible concerning the manner in which to manage said situation.

7. EVENTS OF DEFAULT

"Event of Default" shall mean any of the following occurrences:

- i. a default by the Issuer in the due performance of any of its obligations under this Agreement which, if curable, is not cured within twenty (20) days as from the first of the following dates: (i) the date on which the Issuer becomes aware of this breach and (ii) the date on which the Investor notifies such breach to the Issuer, requesting that it be cured;
- ii. failure by the Issuer to issue new Shares to the Investor in accordance with the terms of the Agreement (for example in case of late delivery of the new Shares to the Investor) due within five (5) Trading Days following a Conversion Date or a Warrant Exercise Date;
- iii. failure by the Issuer to pay (a) the price due in connection with the acquisition of the Notes or the Warrants, as the case may be, in the case where the Issuer does not have sufficient shareholders' authorizations available to issue new Shares, in accordance with Paragraph 8.3 of Schedule 4 and Paragraph 5.3 of Schedule 6, or (b) any other amount due to the Investor (or any of its Affiliates) in accordance with Clause 4.1.12;
- iv. the de-listing of the Shares from Euronext Paris (save if the purpose of such delisting from Euronext Paris is to list the Shares on any other market subject to the prior approval of the Investor, it being specified that in any case the Shares shall not be de-listed for longer than ten (10) Trading Days);
- v. any refusal to certify the financial statements by the statutory auditors of the Issuer which is not cured within sixty (60) days as from the date such certification is requested from the auditors;
- vi. failure by the Issuer to pay any Indebtedness in excess of EUR 6,000,000 when due or within any applicable grace period, other than any such failure resulting from a good faith error which is diligently and promptly corrected, or any Indebtedness of the Issuer in an amount in excess of EUR 6,000,000 becomes due and payable prior to its stated maturity because of a failure by the Issuer to comply with a covenant contained in any agreement or instrument evidencing any such Indebtedness, except if such Indebtedness is contested in good faith by the Issuer; and
- vii. the Issuer voluntarily liquidates all of its assets except for fair consideration or on an arm's length basis, or bankruptcy, moratorium, insolvency or similar proceedings (including any "*redressement judiciaire*" "*liquidation judiciaire*", "*procédure de sauvegarde*") for relief of financially distressed debtors shall be instituted by or against the Issuer and shall not have been discharged within six (6) months.

8. INFORMATION

Forthwith upon the occurrence of any Event of Default, the Issuer will deliver to the Investor a certificate of the board of directors of the Issuer specifying the nature and period of existence thereof and the action which the Issuer is taking and proposes to take with respect thereto, it being specified that should the Event of Default constitute inside information ("*information privilégiée*") within the meaning of Article 7 of MAR, the Issuer shall not communicate such information to the Investor before it is made public to the investment community through a press release.

9. MISCELLANEOUS

9.1 Notices

Any notice, demand, consent, waiver or other communication required, given or made under this Agreement (a "**Notice**") shall be made in writing, signed on behalf of the Party from which it originates and, subject to the forms applicable to the Note Warrant Exercise Notice as set forth in **Schedule 3**, the Conversion Notice as set forth in **Schedule 5**, the Warrant Exercise Notice as set forth in **Schedule 7**, the Investor Call Notice as set forth in **Schedule 8** and the Request as set forth in **Schedule 9** shall be sent by e-mail with acknowledgment of receipt, as well as sent by registered post with confirmation of receipt or by express courier.

Any Notice shall be deemed to have been delivered:

- If sent by e-mail with acknowledgment of receipt, on the day of transmission; or
- if sent by certified mail, return receipt requested, on the second Trading Day after the date of posting if posted in France for delivery in France and seventh Trading Day if posted for overseas delivery; or
- if delivered by hand, upon delivery against acknowledgement at the address stated in this Agreement;

provided however that, if it is delivered by hand or sent by e-mail on a day which is not a Trading Day or after 6.00 pm CET on a Trading Day, it will instead be deemed to have been given or made on the next Trading Day.

Any Notice sent by the Investor to the Issuer by e-mail with acknowledgment of receipt shall be deemed received and confirmed by the Issuer twenty-four (24) hours after sending.

The address and e-mail address for such Notice shall be:

a. if to the Issuer:

Erytech Pharma SA

Address: 60 Avenue Rockefeller, 69008 Lyon, France

Attention to: **Gil Beyen, Eric Soyer and Brian Schwab**

E-mail addresses: gil.beyen@erytech.com, eric.soyer@erytech.com and brian.schwab@erytech.com

Phone number: +33 04 78 74 44 38

Copy:

Gide Loyrette Nouel

Address: 15 rue de Laborde, 75008 Paris, France

Attention to: **Arnaud Duhamel and Guilhem Richard**

E-mail address: duhamel@gide.com and guilhem.richard@gide.com

Phone number: +33 (0)1 40 75 29 70 and +33 (0)1 40 75 22 48

b. if to the Investor:

European High Growth Opportunities Securitization Fund

Address: c/o **European High Growth Opportunities Manco SA**, 18, rue Robert Stümper, 2557 Luxembourg

Attention to: **Pierre Vannineuse, Hugo Pingray, Amaury Mamou-Mani and Edward Keller**

E-mail addresses: p.vannineuse@abo.co, h.pingray@abo.co, a.mamou-mani@abo.co and e.keller@abo.co

Phone number: +33 (0) 6 52 23 52 25

Copy:

Jeantet AARPI

Address: 11 rue Galilée, 75116 Paris, France

Attention to: **Cyril Deniaud**

E-mail address: cdeniaud@jeantet.fr

Phone number: +33 (0)1 45 05 80 08

Each Party shall provide three (3) Trading Days prior notice to the other Party of any change in address or e-mail address.

9.2 No Sales of Shares into the United States of America

The Investor acknowledges that although the Issuer has American Depositary Shares listed on NASDAQ, the Shares shall be issued by the Issuer pursuant to this Agreement pursuant to transactions exempt from registration under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Accordingly, the Investor acknowledges that the Shares issued to it pursuant to this Agreement may not be transferred in the United States of America or to, or available for the account or benefit of, any U.S. Person except pursuant to an available exemption from the Registration requirements of the Securities Act and all applicable State Securities Laws. Terms used in this paragraph which are not otherwise defined herein have the meanings given to them in Regulation S under the Securities Act.

9.3 Waivers and Amendments; Non-Contractual Remedies; Preservation of Remedies

This Agreement may be amended, superseded, cancelled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by authorized representatives of the Parties or, in the case of a waiver, by an authorized representative of the Party waiving a condition or compliance. No such written instrument shall be effective unless it expressly recites that it is intended to amend, supersede, cancel, renew or extend this Agreement or to waive a condition or compliance with one or more of the terms hereof, as the case may be.

Any amendment requested by the Issuer shall be sent to the Investor with a two (2) Trading Day's prior notice before the actual signature of the amendment agreement.

No delay on the part of either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of either Party of any such right, power or privilege, or any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege.

The rights and remedies herein provided are cumulative that either Party based upon, arising out of or otherwise in respect of any inaccuracy in or breach of any representation, warranty, covenant or agreement contained in this Agreement shall in no way be limited by the fact that the act, omission, occurrence or other facts upon which any claim of any such inaccuracy or breach is based may also be the subject matter of any other representation, warranty, covenant or agreement contained in this Agreement (or in any other agreement between the Parties) as to which there is no inaccuracy or breach.

9.4 Binding Effect; No Assignment

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement is not assignable except by operation of law, provided that the Investor may assign all or any of its rights under this Agreement to one or more of its Affiliates, it being understood that if the Investor makes such an assignment, it shall nonetheless remain liable for the performance of its obligations pursuant to this Agreement.

9.5 Captions

All Clause titles or captions contained in this Agreement are for convenience only, shall not be deemed a part of this Agreement and shall not affect the meaning or interpretation of this Agreement. All references herein to sections or clauses shall be deemed references to such parts of this Agreement, unless the context shall otherwise require.

9.6 Language

This Agreement is entered into in the English language which shall be the definitive version. Any translations are for the convenience of the Parties and shall not have any force or effect.

9.7 Costs

9.7.1 Each Party shall pay its own costs and expenses, incurred in relation to this Agreement, provided that the Investor's legal fees shall be due by the Issuer up to a maximum amount of forty thousand Euros (EUR 40,000) (excluding any VAT and disbursements, if any) and shall be paid by the Issuer to the Investor by way of deduction from the Note Warrant Exercise Price to be paid by the Investor to the Issuer upon the drawdown of the first Tranche.

9.7.2 The Issuer also agrees to reimburse the Investor from time to time all reasonable and duly documented expenses properly incurred by the Investor in respect of (i) the enforcement of the Agreement should such measures be taken by the Investor whereas the Issuer is at fault, only if such fault constitutes an Event of Default, and (ii) the preparation by the Investor of any waivers or amendments to the Agreement upon request of the Issuer (it being specified that in such cases the legal fees of the Investor shall be capped to an amount agreed between the Parties on a case-by-case basis and any other fees or cost of the Investor in excess of EUR 10,000 shall be subject to the prior approval of the Issuer). It is specified that any reasonable legal fees properly incurred by the Investor as provided for in this Clause 9.7.2 shall be reimbursed by the Issuer to the Investor by way of deduction from the Note Warrant Exercise Price to be paid by the Investor to the Issuer upon the drawdown of the next Tranche.

9.8 Governing Law

This Agreement shall be governed by internal French law without reference to its conflict of law principles.

9.9 Jurisdiction

Any dispute arising in connection with the present Agreement shall be subject to the exclusive jurisdiction of the Tribunal de Commerce of Paris.

9.10 Publicity

Each of the Parties to this Agreement hereby severally undertakes to each other that it will not make any public announcement or statement or communication or disclosure of whatever nature regarding this Agreement or the Note Warrants, the Notes or the Warrants without the prior written consent of the other Party (save where required by the Euronext Paris rules, MAR and the AMF General Regulation or any applicable law or the rules of any regulatory body and by this Agreement, in which event the relevant Party will consult to the extent feasible with the other Party prior to the making of such announcement, statement, communication or disclosure but will not be required to obtain the prior consent of the other Party).

9.11 Full agreement

This Agreement represents the full agreement of the Parties. It is a substitute for and replaces all agreements and negotiations, oral or written, past and present dealing and agreements with respect to the matters discussed herein, including the LOI.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective officers hereunto duly authorized on the date first above written.

In two (2) original copies

<p>ERYTECH PHARMA SA</p> <p>/s/Gil BEYEN</p> <p>Signed by Gil BEYEN in his capacity as Chief Executive Officer (<i>Directeur Général</i>)</p>	<p>EUROPEAN HIGH GROWTH OPPORTUNITIES SECURITIZATION FUND</p> <p>/s/Pierre VANNINEUSE</p> <p>Represented by EUROPEAN HIGH GROWTH OPPORTUNITIES MANCO SA, Signed by Pierre VANNINEUSE in his capacity as Sole Director (<i>Administrateur unique</i>)</p>
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Schedule 1

CHARACTERISTICS OF THE NOTE WARRANTS

1. Form

The Note Warrants shall be in registered form. Evidence of the rights of the Investor as holder of the Note Warrants shall be given by an inscription in its name in an account kept by the Issuer in accordance with applicable laws and regulations.

2. Enjoyment

Subject to the terms and conditions of this Agreement, the Note Warrants are issued with full rights of enjoyment as from the date of their full subscription by the Investor in accordance with Clause 2 of the Agreement.

3. Assignment, transfer and absence of admission to trading of the Note Warrants

3.1 The Note Warrants may not be assigned or transferred without the prior consent of the Issuer, except to Affiliates of the Investor.

3.2 To be effective *vis-à-vis* the Issuer and third parties, any permitted transfer of Note Warrants shall be registered in the securities accounts and the transferor of any Note Warrants shall be deemed to be the holder of such Note Warrants until the name of the transferee is entered into securities accounts in respect thereof.

3.3 Any permitted transferee that becomes a Note Warrant holder, by whatever means and for whatever reason, shall have the benefit of, and be subject to, all of the rights and obligations arising under this Agreement, provided that such permitted transferee shall represent that it falls within the category of investors described in the EGM Resolution and to which the Note Warrants issuance has been reserved to (i.e. that the Investor is a natural or legal person, including company, trust or investment fund, organized under French or foreign law, that regularly invest in the pharmaceutical, biotechnological or medical technology sector).

3.4 The Note Warrants will not be admitted to trading on any financial market.

4. Term

The Note Warrants shall become automatically null and void:

- twenty-four (24) months after their respective issuance date; or
- on the date on which the Shares are no longer listed on Euronext Paris or any other organised or regulated market.

5. Representation of the Note Warrant holders

5.1 As long as the Note Warrants are held by a single holder, such holder shall exercise under its own name all rights and powers granted by the French Commercial Code to the "Masse" within the meaning of Article L. 228-103 of the French Commercial Code.

5.2 As soon as the Note Warrants having the same characteristics and being fungible are held by more than one holder, the holders shall appoint a representative of the "Masse" in accordance with Articles L. 228-47 and L. 228-103 of the French Commercial Code.

5.3 Where applicable, the rights of Note Warrant holders will be exercised in accordance with Article L. 228-103 paragraph 1 of the French Commercial Code.

Schedule 2

SUBSCRIPTION FORM OF THE NOTE WARRANTS

Erytech Pharma SA

Société anonyme au capital de 1.794.003,5 euros
Siège social : 60 Avenue Rockefeller, 69008 Lyon, France
479 560 013 RCS Lyon

SUBSCRIPTION FORM

The undersigned:

EUROPEAN HIGH GROWTH OPPORTUNITIES SECURITIZATION FUND, represented by its management company, **EUROPEAN HIGH GROWTH OPPORTUNITIES MANCO SA**, a joint stock company (*société anonyme*) incorporated in Luxembourg, whose registered office is at 18, rue Robert Stümper, 2557 Luxembourg, registered with the Luxembourg trade and companies register under number B 124207 (the "**Investor**"),

After reading the articles of association of Erytech Pharma SA, a limited liability company with a capital of EUR 1.794.003,5, whose registered office is located at 60 Avenue Rockefeller, 69008 Lyon, France, and which is registered in the Register of Trade and Companies of Lyon under number 479 560 013 (the "**Issuer**"), as well as the terms and conditions of the issuance by the Issuer of one thousand two hundred (1,200) Note Warrants;

As these terms and conditions are specified under the 25th resolution of the Issuer's general meeting of shareholders dated June 21, 2019, the Board of Directors' deliberations dated June 8, 2020 and the decision of the chief executive officer of the Issuer dated June 24, 2020, combined with the terms of the agreement for the issuance of and subscription to warrants giving access to notes convertible into new and/or existing shares of the Issuer with share subscription warrants attached entered into on June 24, 2020 between the Issuer and the undersigned;

Declares subscribing by this subscription form to one thousand two hundred (1,200) Note Warrants;

It being specified that the Note Warrants are allocated for free.

On June 24, 2020

In two (2) original copies, one of which was provided on a separate sheet of paper to the undersigned that acknowledges it.

Signature preceded by the words « *Approval for the subscription of one thousand two hundred (1,200) warrants giving access to notes convertible into new and/or existing shares of the Issuer* ».

European High Growth Opportunities Securitization Fund,
Represented by **European High Growth Opportunities Manco SA**

Schedule 3

FORM OF NOTE WARRANT EXERCISE NOTICE

VIA EMAIL

Erytech Pharma SA

Attention to: **Gil Beyen, Eric Soyer and Brian Schwab**

E-mail addresses: gil.beyen@erytech.com, eric.soyer@erytech.com and brian.schwab@erytech.com

Phone number: +33 04 78 74 44 38

Copy to:

CM-CIC Banque Transatlantique

Attention to: **Antoine Debourdon, Mireille Lucas and Thibault De Coussemaker**

E-mail addresses:

antoine.debourbon@banquetransatlantique.com

mireille.lucas@banquetransatlantique.com

thibault.decoussemaker@banquetransatlantique.com

Please find below the Investor's Note Warrant Exercise Notice pursuant to the agreement for the issuance of and subscription to warrants giving access to notes convertible into new and/or existing shares of the Issuer with share subscription warrants attached dated June 24, 2020 (the "**Agreement**").

All terms written with a capital initial letter shall have the definition ascribed to them in the Agreement.

1	Number of Note Warrants exercised	[60/30] Note Warrants
2	Number of Notes	[60/30] Notes
3	Aggregate principal amount of Notes	EUR [3,000,000/EUR 1,500,000]
4	Subscription price of the Notes (98% of (3))	EUR [2,940,000]/EUR 1,470,000]
5	Commitment fees due by the Issuer to the Investor	EUR [90,000/45,000]
6	Amount of the legal fees due by the Issuer to the Investor [<i>For the first Tranche only</i>]	EUR 40,000
7	The lowest Closing VWAP over the fifteen (15) Trading Days immediately preceding the Request to issue the first Tranche	EUR [·]
8	Warrant Exercise Price, being 120% of (7) (truncated after two decimal	EUR [·]
9	Number of Warrants (rounded down) attached to the Notes issued under each Tranche, being: [(3) x 10%] / (8)	[-]

[The global subscription price of the Notes issued under the first Tranche, equal to two million nine hundred forty thousand Euros (EUR 2,940,000), shall be paid (i) by way of set-off against the certain, liquid and due receivable held by the Investor against the Issuer amounting to EUR 130,000, corresponding to the total amount of (a) the commitment fee to be paid in cash as provided for in Clause 3.5 (i.e. EUR 90,000), and (b) the legal fees as provided for in Clause 9.7.1 (i.e. EUR 40,000), and (ii) the balance (i.e. EUR 2,810,000) shall be wired on the Issuer's bank account opened with Société Générale, whose details are as follows:

IBAN: FR76 3000 3022 8100 0203 5389 678

BIC: SOGEFRPP

or

[The global subscription price of the Notes issued under a Subsequent Tranche, equal to [two million nine hundred forty thousand Euros (EUR 2,940,000)/one million four hundred seventy thousand Euros (EUR 1,470,000)], shall be paid (i) by way of set-off against the certain, liquid and due receivable held by the Investor against the Issuer amounting to EUR [90,000/45,000], corresponding to the commitment fee to be paid in cash as provided for in Clause 3.5 (EUR [90,000/45,000]), and (ii) the balance shall be wired on the Issuer's bank account opened with Société Générale, whose details are as follows:

IBAN: FR76 3000 3022 8100 0203 5389 678

BIC: SOGEFRPP

Sincerely,

European High Growth Opportunities Securitization Fund, Represented by European High Growth Opportunities Manco SA

Schedule 4

CHARACTERISTICS OF THE NOTES

1. Form

The Notes shall be in registered form. Evidence of the rights of any Note holder shall be given by an inscription in its name in an account kept by the Issuer in accordance with applicable laws and regulations.

2. Enjoyment

The Notes are issued with full rights of enjoyment as from the date of their full subscription by the Investor in accordance with Clause 3 of the Agreement.

3. Assignment, transfer and absence of admission to trading of the Notes

3.1 The Notes may not be assigned or transferred without the prior consent of the Issuer, except to Affiliates of the Investor, subject to the prior information of the Issuer and being provided that such Affiliate undertakes irrevocably, prior to this transfer, to retrocede the Notes in question and/or the Shares issued pursuant to the exercise of such Notes to the Investor when this Affiliate ceases to be an Affiliate of the Investor.

3.2 To be effective *vis-à-vis* the Issuer, any transfer of the Notes shall be registered in the securities accounts and the transferor shall be deemed to be the holder of such Notes until the name of the transferee is entered into the securities accounts in respect thereof.

3.3 Any transferee that becomes a Note holder, by whatever means and for whatever reason, shall have the benefit of, and be subject to, all of the rights and obligations arising under this Agreement, provided that such permitted transferee shall represent that it falls within the category of investors described in the EGM Resolution and to which the Note Warrants issuance has been reserved to (i.e. that the Investor is a natural or legal person, including company, trust or investment fund, organized under French or foreign law, that regularly invest in the pharmaceutical, biotechnological or medical technology sector).

3.4 The Notes will not be admitted to trading on any financial market.

4. Maturity

The Notes shall have a duration of twelve (12) months as from their respective date of issuance (the "**Maturity Date**"), it being specified that following the receipt of a notification sent by the Issuer to the Investor in accordance with Clause 4.1.13 of the Agreement, the Maturity Date of the outstanding Notes shall be automatically extended for the number of days necessary for the Issuer to be in a position to issue Shares to the Investor upon conversion of Notes without exceeding the limits of the listing prospectus exemption provided for by Article 5.(a) of Regulation (EU) 2017/1129 dated June 14, 2017, such extension being limited in any case to three (3) months.

5. Nominal Value

Each Note shall have a nominal value of EUR 50,000.

6. Interest

The Notes shall accrue no interest.

7. Redemption

7.1 The Issuer shall have no right to early redeem any Note.

7.2 If Notes have not been converted by the Note holder prior to their Maturity Date, (i) the Issuer shall not redeem in cash the outstanding principal amount under the Notes on the Maturity Date and (ii) the Note holder shall convert all outstanding Notes on the Maturity Date.

7.3 At the Note holder's discretion, the Issuer is required to early redeem in cash, within three (3) Trading Days following the receipt of a notice sent to it by the Note holder, all or any Notes held by the applicable Note holder in case of occurrence of a Change of Control or an Event of Default under the Agreement.

In the event of redemption in cash in case of occurrence of a Change of Control or an Event of Default under the Agreement, the Issuer shall pay to each Note holder one hundred and five percent (105%) of the aggregate outstanding principal amount of its Notes, in accordance with Paragraph 8 of this Schedule 4.

8. Conversion: Termination of Conversion Rights

8.1 *Conversion of the Notes into Shares of the Issuer; Conversion Period*

Unless it has terminated its conversion rights pursuant to Paragraph 8.5 of this Schedule 4, each Note holder shall have the right at any time as of any Closing Date, up to and including the Maturity Date (the "**Conversion Period**"), to convert all or any of the Notes into new or existing Shares, at the sole discretion of the Issuer, and to determine the number of Notes to be converted, and the corresponding aggregate principal amount so converted (the "**Conversion Amount**").

At the Issuer's option, the Issuer shall have then the right, upon receipt of a Conversion Notice sent by the Note holder, to:

- i. deliver new or existing Shares of the Issuer to the Note holder in accordance with the provisions of Paragraph 8.3 of this Schedule 4; or
- ii. pay to the Note holder one hundred percent (100%) of any Conversion Notice, in cash, calculated as per the following formula (the "**Conversion Cash Payment**"):

$$\text{Reimbursement} = (\text{Conversion Amount} / \text{Conversion Price}) * \text{Closing VWAP on the Conversion Date}$$

Each Note holder is allowed to convert any Notes as long as it stays within the outstanding Principal Amount, it being specified that each Note may only be converted at one go.

8.2 *Conversion Date; Notice*

Each Note holder may convert all or any of its Notes on any Trading Day of its choice during the Conversion Period, effective at the date of receipt by the Issuer of a Conversion Notice in accordance with Paragraph 8.1 of this Schedule 4 (the "**Conversion Date**").

On each chosen Conversion Date, each Note holder shall convert all or any of its Notes by giving Notice to the Issuer (the "**Conversion Notice**"), using the form attached in **Schedule 5** and specifying a number of Notes to be converted and the corresponding Conversion Amount in accordance with Paragraph 8.1 of this Schedule 4.

If the Issuer has not elected for the Conversion Cash Payment, the Issuer, after updating the securities account where the Notes are registered, shall in turn send a notice to the Agent for the issuance of new Shares to the relevant Note holder.

The Shares upon conversion shall be issued in bearer form and shall be transferred by the Agent to the Investor's custodian account within two (2) Trading Days following the Conversion Date (with a best efforts undertaking from the Issuer to have this completed within one (1) Trading Day from the Conversion Date provided that the Conversion Notice is received before 3pm Paris time on the Conversion Date). The Agent shall liaise with the custodian of the Investor to ensure prompt delivery.

8.3 *Conversion Ratio*

If the Issuer has not elected for the Conversion Cash Payment, the number of new Shares issued by the Issuer to the relevant Note holder upon conversion of one or several Notes in accordance with Paragraph 8.1 of this Schedule 4 will be calculated as the Conversion Amount divided by the Conversion Price.

If the issuance of new Shares would result in the issuance of a fraction of a Share, the Issuer shall round such fraction of a Share up to the nearest whole Share.

The new Shares shall be fully paid by set-off against the Conversion Amount that will come in deduction from the Principal Amount. Such conversion shall not require the payment of any fee or charge by the relevant Note holder.

The Issuer shall promptly deliver freely tradable Shares or the Conversion Cash Payment to the relevant Note holder upon each conversion of Note(s). The issuance of the Shares and their admission to trading on Euronext Paris (or the remittance of existing Shares, as the case may be) shall occur no later than two (2) Trading Days after the Conversion Date (with a best efforts undertaking from the Issuer to have this completed within one (1) Trading Day from the Conversion Date provided that the Conversion Notice is received before 3pm Paris time on the Conversion Date). The reception of the Conversion Cash Payment by the relevant Note holder shall occur no later than two (2) trading days after the Conversion Date.

Upon conversion of Notes, if the Issuer has not elected for the Conversion Cash Payment and if the relevant Note holder does not receive the relevant Shares as provided for in the paragraph above, the Issuer shall pay to the relevant Note holder an amount equal to the difference (if positive) between the closing price of the Share one (1) Trading Day after the Conversion Date and the closing price of the Share on the day immediately prior to the date on which the relevant Shares are effectively received by the relevant Note holder, for each new Share which was issued upon the relevant conversion of Notes.

Subject to the right of the Issuer to use an existing additional delegation to the Board of Directors granted by another shareholders' general meeting of the Issuer than the EGM in order to continue the financing program (in which case the Parties shall agree in good faith to amend the Agreement and the Notes to the extent necessary), if the Issuer does not have sufficient shareholders' authorizations available to issue new Shares to a Note holder upon conversion of Notes, and if the early redemption of the Notes was not requested by the relevant Note holder, at the Note holder's discretion, the relevant Notes shall be acquired by the Issuer, on the Trading Day following the Conversion Date, for a price equal to the number of new Shares which should have been issued to it upon conversion of the Notes multiplied by the closing price of the Share on the day prior to the Conversion Date. Such acquired Notes shall then be cancelled by the Issuer.

Any payment to a Note holder made by the Issuer in accordance with Paragraph 8.3 of this Schedule 4 shall be made by the Issuer to the relevant Note holder in cash, by wire transfer to a bank account notified by the relevant Note holder to the Issuer, in immediately available, freely transferable funds in Euros.

8.4 Rights attached to the Shares

The new Shares issued upon conversion of the Note(s) shall be subject to all provisions of the By-Laws and to decisions of the general meetings of the shareholders of the Issuer. The new Shares shall be admitted to trading on Euronext Paris as from their issuance, will carry immediate and current dividend rights ("*jouissance courante*") and will be fully assimilated to and fungible with the existing Shares.

8.5 Termination of Conversion Right

The right of each Note holder to convert the Notes pursuant to this Paragraph 8 shall terminate on the date on which the Notes are fully converted.

9. Representation of the Note holders

9.1 As long as the Notes are held by a single holder, such holder shall exercise under its own name all rights and powers granted by the French Commercial Code to the "Masse" within the meaning of Article L. 228-103 of the French Commercial Code.

9.2 As soon as the Notes having the same characteristics and being fungible are held by more than one holder, the holders shall appoint a representative of the "Masse" in accordance with Articles L. 228-47 and L. 228-103 of the French Commercial Code.

9.3 Where applicable, the rights of Note holders will be exercised in accordance with Article L. 228- 103 paragraph 1 of the French Commercial Code.

Schedule 5

FORM OF CONVERSION NOTICE

VIA EMAIL

Erytech Pharma SA

Attention to: **Gil Beyen, Eric Soyer and Brian Schwab**

E-mail addresses: gil.beyen@erytech.com, eric.soyer@erytech.com and brian.schwab@erytech.com

Phone number: +33 04 78 74 44 38

Copy to:

CM-CIC Banque Transatlantique

Attention to: **Antoine Debourdon, Mireille Lucas and Thibault De Coussemaker**

E-mail addresses:

antoine.debourbon@banquetransatlantique.com

mireille.lucas@banquetransatlantique.com

thibault.decoussemaker@banquetransatlantique.com

Please find below the Conversion Notice pursuant to the agreement for the issuance of and subscription to warrants giving access to notes convertible into new and/or existing shares of the Issuer with share subscription warrants attached dated June 24, 2020 (the "**Agreement**").

All terms written with a capital initial letter shall have the definition ascribed to them in the Agreement

1	Number of Notes converted	[·]
2	Conversion Amount (equal to the global par value of the converted Notes)	EUR [·]
3	VWAP during the Pricing Period (i.e. the three (3) consecutive Trading Days expiring on the Trading Day immediately preceding the Conversion Date)	EUR [·]
3 bis	VWAP during the three (3) trading days preceding the Conversion Date	EUR [·]
4	95% x (3)	EUR [·]
5	Underlying warrant portion per new = (10% x VWAP during the Pricing Period * 95 %)/Warrant Exercise Price	[·]
6	Fair market value of the Warrants (as computed by the Issuer per standard Black & Scholes valuation model as of the date of the Request)	EUR [·]
7	Underlying Warrant value per new Share = (5) x (6)	EUR [·]
8	Underlying Warrant discount per new Share = (7) / (3bis)	[·]%
9	Implied global discount = [1- (4)/(3bis)] + (8)	[·]%
10	Conversion Price (truncated after two decimal	EUR [·]

	places) being equal to: <ul style="list-style-type: none"> • If (9) ≤ 20%: (4) or <ul style="list-style-type: none"> • If (9) >20%: 95% x (3bis) + [(8) - 15%]x (3bis) 	
11	Nominal value of the Share	EUR [0.10]
12	Provided that (10)>(11), number of Shares to be issued: (2) / (10) (rounded down to the nearest whole number) Provided that (11)>(10), number of Shares to be issued: (2) / (11) (rounded down to the nearest whole number)	[·]

It is reminded that pursuant to the Agreement, the present notification shall be deemed received and confirmed by the Issuer twenty-four (24) hours after sending.

Sincerely,

[Name of the Note holder]

Schedule 6

CHARACTERISTICS OF THE WARRANTS

1. Form

The Warrants shall be in registered form. Evidence of the rights of any Warrant holder shall be given by an inscription in its name in an account kept by the Issuer in accordance with applicable laws and regulations.

2. Enjoyment

Subject to the terms and conditions of this Agreement, the Warrants are issued with full rights of enjoyment as from the date of their detachment from the Notes to which they are attached (i.e. as from the date of the subscription of the relevant Notes).

3. Assignment, transfer and absence of admission to trading of the Warrants

- 3.1 The Warrants may be assigned or transferred without the prior consent of the Issuer, only to Affiliates of the Investor, subject to the prior information of the Issuer and being provided that such Affiliate undertakes irrevocably, prior to this transfer, to retrocede the Warrants in question and/or the Shares issued pursuant to the exercise of such Warrants to the Investor when this Affiliate ceases to be an Affiliate of the Investor.
- 3.2 To be effective *vis-à-vis* the Issuer and third parties, any transfer of Warrants shall be registered in the securities accounts and the transferor of any Warrants shall be deemed to be the holder of such Warrants until the name of the transferee is entered into the securities accounts in respect thereof.
- 3.3 Any transferee that becomes a Warrant holder, by whatever means and for whatever reason, shall have the benefit of, and be subject to, all of the rights and obligations arising under this Agreement, provided that such permitted transferee shall represent that it falls within the category of investors described in the EGM Resolution and to which the Note Warrants issuance has been reserved to (i.e. that the Investor is a natural or legal person, including company, trust or investment fund, organized under French or foreign law, that regularly invest in the pharmaceutical, biotechnological or medical technology sector).
- 3.4 The Warrants will not be admitted to trading on any financial market.

4. Term

The Warrants shall become automatically null and void sixty (60) months after their issuance date.

5. Exercise

5.1 Exercise of the Warrants into Shares of the Issuer; Exercise Period

Each Warrant holder shall have the right at its option, and effective at any time prior to the Warrant's term (the "**Warrant Exercise Period**"), to exercise all or any of the Warrants into newly issued Shares in bearer form.

Each Warrant holder is allowed to make multiple exercises of Warrants.

5.2 Exercise Date; Exercise Notice

Each Warrant holder may exercise all or part of its Warrants on any Trading Day of its choice by delivering to the Issuer an exercise notice to the Issuer (the "**Warrant Exercise Notice**") using the form attached in **Schedule 7**. The exercise date of the Warrants shall be the date of delivery of the Warrant Exercise Notice (the "**Warrant Exercise Date**") during the Warrant Exercise Period.

The Issuer, after updating the securities account where the Warrants are registered, shall in turn send a notice to the Agent for the issuance of new Shares to the relevant Warrant holder.

5.3 Exercise Ratio - Exercise Price

Each Warrant will give right to one (1) Share (the "**Warrant Exercise Ratio**") subject to any adjustment made in accordance with Paragraph 7 of this Schedule 6.

The new Shares resulting from the exercise of the Warrants shall be issued upon payment in cash by the relevant Warrant holder of the Warrant Exercise Price.

Such exercise shall not require the payment of any additional fee or charge by the relevant Warrant holder.

The Issuer shall promptly deliver freely tradable Shares to the relevant Warrant holder upon each exercise of Warrant(s). The issuance of the Shares and their admission to trading on Euronext Paris shall occur no later than two (2) Trading Days after the Warrant Exercise Date. The reception of the Warrant Exercise Price shall occur no later than 3pm Paris time two (2) trading days after the Warrant Exercise Date.

Subject to the right of the Issuer to use an existing additional delegation to the Board of Directors granted by another shareholders' general meeting of the Issuer than the EGM in order to continue the financing program (in which case the Parties shall agree in good faith to amend the Agreement and the Warrants to the extent necessary), if the Issuer does not have sufficient shareholders' authorizations available to issue new Shares to a Warrant holder upon exercise of a Warrant, the exercised Warrant shall be acquired by the Issuer, on the Trading Day following the relevant Warrant Exercise Date, for a price equal to (i) the Warrant Exercise Ratio multiplied by (ii) the difference between (a) the closing price of the Share on the day prior to the Warrant Exercise Date and (b) the Warrant Exercise Price, as the case may be, divided by the Warrant Exercise Ratio. Such acquired Warrants shall be cancelled by the Issuer.

Any payment to a Warrant holder made by the Issuer in accordance with Paragraph 5.3 of this Schedule 6 shall be made by the Issuer to the relevant Warrant holder in cash, by wire transfer to a bank account notified by the relevant Warrant holder to the Issuer, in immediately available, freely transferable funds in Euros.

5.4 Rights attached to the Shares

The new Shares issued upon exercise of Warrant(s) shall be subject to all provisions of the By-Laws and to decisions of the general meetings of the shareholders of the Issuer. The new Shares shall be admitted to trading on Euronext Paris as from their issuance, will carry immediate and current dividend rights ("*jouissance courante*") and will be fully assimilated to and fungible with the existing Shares.

6. Representation of the Warrant holders

6.1 As long as the Warrants are held by a single holder, such holder shall exercise under its own name all rights and powers granted by the French Commercial Code to the "Masse" within the meaning of Article L. 228-103 of the French Commercial Code.

6.2 As soon as the Warrants having the same characteristics and being fungible are held by more than one holder, the holders shall appoint a representative of the "Masse" in accordance with Articles L. 228-47 and L. 228-103 of the French Commercial Code.

For the avoidance of doubt, if certain of the Warrants no longer have the same characteristics, there will be several "Masses".

6.3 Where applicable, the rights of Warrant holders will be exercised in accordance with Article L. 228-103 paragraph 1 of the French Commercial Code.

7. Protection of the Warrant holders

7.1 Upon completion of any of the following transactions:

1. issue of securities carrying a preferential subscription right to shareholders,
2. increase in share capital by capitalisation of reserves, profits or share premia, and by distribution of free shares, or stock split or reverse stock split,
3. in the event that a nominal value is assigned to the Shares, an increase in share capital of the Issuer, without issuing Shares, by capitalisation of reserves, profits or share premia by increasing the nominal value of the Shares,
4. distribution of reserves in cash or in kind or a share premium,
5. allotment of bonus financial instruments other than Shares,
6. merger by acquisition (*fusion par absorption*), merger (*fusion par création d'une nouvelle société*), spin-off, division (*scission*) of the Issuer,
7. buy-back of own Shares at a price that is higher than the Share price,
8. amortisation in share capital of the Issuer,
9. modification of the Issuer's allocation of its profits,

which the Issuer may carry out after the detachment date of the Warrants, the rights of the Warrants holders will be protected by adjusting the Warrant Exercise Ratio and the Warrant Exercise Price in accordance with the following provisions.

In the event of an adjustment carried out in accordance with conditions 1 to 9 below, the new Warrant Exercise Ratio or Warrant Exercise Price will be determined to one decimal place and rounded down to the nearest 10th (0.15 being

rounded up to the next highest 10th). Any subsequent adjustments will be carried out on the basis of such newly calculated and rounded Warrant Exercise Ratio. However, the Warrants can only result in the delivery of a whole number of Shares.

1. In the event of a financial transaction, conferring a preferential subscription right to existing shareholders, the new Warrant Exercise Ratio will be determined by multiplying the Warrant Exercise Ratio in effect prior to the relevant transaction by the following formula:

$$\frac{\text{share value ex-subscription right plus the value of the subscription right}}{\text{share value ex-subscription right}}$$

For the purposes of calculating this formula, the values of the share ex-subscription right and of the subscription right will be determined on the basis of the average of the opening prices of the Shares on Euronext Paris (as reported by Bloomberg) falling in the subscription period during which the Shares and the subscription rights are listed simultaneously.

2. In the event of an increase in share capital of the Issuer by capitalisation of reserves, profits or share premia and by distribution of free shares, or in the event of a stock split or a reverse stock split the new Warrant Exercise Ratio will be determined by multiplying the Warrant Exercise Ratio in effect prior to the relevant transaction by the following formula:

$$\frac{\text{Number of shares after the transaction}}{\text{Number of shares existing before the transaction}}$$

3. In the event of an increase in share capital of the Issuer without Shares being issued by means of a capitalisation of reserves, profits or share premia performed by increasing the nominal value of the Shares, the nominal value of the Shares which may be delivered to the Warrants holders upon exercise of their Warrants will be increased accordingly.
4. In the event of the distribution by the Issuer of reserves in cash or in kind or a share premium, the new Warrant Exercise Ratio will be determined by multiplying the Warrant Exercise Ratio in effect prior to the relevant transaction by the following formula:

$$1 - \frac{1}{\frac{\text{Amount of the distribution per share}}{\text{Value of the share before distribution}}}$$

For the purposes of calculating this formula, the value of the Shares before distribution will be determined on the basis of the weighted average of the prices on Euronext Paris over the last three (3) Trading Days before the distribution.

5. In the event of an allotment of bonus financial instruments other than Shares of the Issuer, the new Warrant Exercise Ratio will be determined as follows:
 - If the right to receive financial instruments is listed on Euronext Paris, the new Warrant Exercise Ratio will be determined by multiplying the Warrant Exercise Ratio in effect prior to the relevant transaction by the following formula:

$$1 + \frac{\text{Price of the right to receive financial instruments}}{\text{Share price ex-right}}$$

For the purposes of calculating this formula, the prices of the Shares ex-right and of the rights to receive financial instruments will be determined on the basis of the weighted average of the prices on Euronext Paris over the first three (3) Trading Days as from the detachment of the financial instruments.

- If the right to receive financial instruments is not listed on Euronext Paris, the new Warrant Exercise Ratio will be determined by multiplying the Warrant Exercise Ratio in effect prior to the relevant transaction by the following formula:

$$1 + \frac{\text{Value of the financial instruments allocated to each shares}}{\text{Share price ex-right}}$$

For the purposes of calculating this formula, the price of the Shares ex-right and the value of the financial instruments will be determined on the basis of the weighted average of the prices on Euronext Paris over the first three (3) Trading Days as from the detachment of the financial instruments.

If the financial instruments allocated are not listed on Euronext Paris, their value shall be evaluated in an independent expert's certificate. This certificate shall be produced by an expert of international repute appointed by the Issuer, whose opinion shall not be subject to appeal.

6. In the event of merger by acquisition (*fusion par absorption*) of the Issuer by another company or of merger of the Issuer with one or more other companies to create a new company (*fusion par création d'une nouvelle société*), or in the event of a division (*scission*) or spin-off of the Issuer, the Warrants may be exercised into shares of the acquiring or new company or the companies resulting from any division or spin-off

The new Warrant Exercise Ratio shall be determined by adjusting the Warrant Exercise Ratio in effect before such event by the exchange ratio of the Issuer's Shares against the shares of the acquiring or new company or companies resulting from any division or spin-off. These companies shall be substituted to the Issuer in order to apply the above adjustment, the purpose being to maintain, where applicable, the rights of the Warrants holders in the event of financial or securities transactions, and, generally to ensure that the rights of the Warrants holders are guaranteed under the legal, regulatory and contractual conditions.

7. In the event that the Issuer makes an offer to the shareholders to buy-back its own Shares at a price that is higher than the Share price, the new Warrant Exercise Ratio will be determined by multiplying the Warrant Exercise Ratio in effect by the following formula calculated to the nearest 100th of a Share:

$$\frac{\text{Share value} + \text{pc}\% \times (\text{buy-back price} - \text{share value})}{\text{Share value}}$$

For the purposes of calculating this formula:

"Share value" means the volume-weighted average of the prices of the Shares listed on Euronext Paris during the three last trading days preceding the buyback (or the ability of buyback).

"Pc%" means the percentage of the share capital of the Issuer that has been bought back.

"Buy-back price" means the effective price of the Shares bought-back (which is by definition higher than the Share value).

8. In the event of an amortisation in share capital of the Issuer, the new Warrant Exercise Ratio will be determined by multiplying the Warrant Exercise Ratio in effect prior to the relevant transaction by the following formula:

$$1 - \frac{1}{\frac{\text{Amount of amortisation per share}}{\text{Value of the share before amortisation}}}$$

For the purposes of calculating this formula, the value of the Share before the amortisation will be determined on the basis of the volume-weighted average of the prices of the Share on Euronext Paris over the last three (3) Trading Days immediately prior to the date of the amortisation.

9. In the event of the modification by the Issuer of the allocation of its profits as a result of the issue of preference shares, the new Warrant Exercise Ratio will be determined by multiplying the Warrant Exercise Ratio in effect prior to the preference share issue date by the following formula:

$$1 - \frac{1}{\frac{\text{Reduction of the profit right per share}}{\text{Value of the share before modification}}}$$

For the purposes of calculating this formula, the Share price before the modification of the allocation of profits will be determined on the basis of the volume-weighted average of the prices of the Share on Euronext Paris over the last three (3) Trading Days immediately prior to the date of the modification.

- 7.2 Any Warrants holder exercising its rights may subscribe to a number of Shares, which is calculated by multiplying the Warrant Exercise Ratio in effect at such time by the number of the Warrants exercised. If the Shares are listed and if the number of Shares calculated in this manner is not a whole number, a Warrant holder shall receive:

- either the nearest whole number of Shares immediately less than its entitlement and will receive a payment equal to the value of such additional fraction of a Share calculated on the basis of the closing Share price listed on Euronext Paris on the Warrant Exercise Date;

- or the nearest whole number of shares immediately more than its entitlement and will provide a payment equal to the value of such additional fraction of a Share calculated on the basis of the closing Share price listed on Euronext Paris on the Warrant Exercise Date.

Notwithstanding the above, the Issuer shall not be permitted, without the prior authorisation of the Warrants holder(s), to change its legal form or corporate purpose.

Schedule 7

FORM OF WARRANT EXERCISE NOTICE

VIA EMAIL

Erytech Pharma SA

Attention to: **Gil Beyen, Eric Soyer and Brian Schwab**

E-mail addresses: gil.beyen@erytech.com, eric.soyer@erytech.com and brian.schwab@erytech.com

Phone number: +33 04 78 74 44 38

Copy to:

CM-CIC Banque Transatlantique

Attention to: **Antoine Debourdon, Mireille Lucas and Thibault De Coussemaker**

E-mail addresses:

antoine.debourbon@banquetransatlantique.com

mireille.lucas@banquetransatlantique.com

thibault.decoussemaker@banquetransatlantique.com

Please find below the Warrant Exercise Notice pursuant to the agreement for the issuance of and subscription to warrants giving access to notes convertible into new and/or existing shares of the Issuer with share subscription warrants attached dated June 24, 2020 (the "**Agreement**").

All terms written with a capital initial letter shall have the definition ascribed to them in the Agreement.

1	Number of Warrants exercised	[-] Warrants
2	Number of Shares to which the Warrants exercised give acces	[-] Shares
3	Warrant Exercise Price	EUR [-]
4	Global subscription price of the Shares: (3)x(1)	EUR [-]

The global subscription price of the Shares shall be wired on the Issuer's bank account opened with Société Générale, whose details are as follows:

IBAN: FR76 3000 3022 8100 0203 5389 678

BIC: SOGEFRPP

It is reminded that pursuant to the Agreement, the present notification shall be deemed received and confirmed by the Issuer twenty-four (24) hours after sending.

Sincerely,

[Name of the Warrant holder]

Schedule 8

INVESTOR CALL NOTICE FOR THE ISSUANCE OF A TRANCHE OF NOTES

VIA EMAIL

To:

Erytech Pharma SA

Attention to: **Gil Beyen, Eric Soyer and Brian Schwab**

E-mail addresses: gil.beyen@erytech.com, eric.soyer@erytech.com and brian.schwab@erytech.com

Phone number: +33 04 78 74 44 38

Dear Sir,

We refer to the agreement for the issuance of and subscription to warrants giving access to notes convertible into new and/or existing shares of the Issuer with share subscription warrants attached dated June 24, 2020 (the "**Agreement**").

All terms written with a capital initial letter shall have the definition ascribed to them in the Agreement.

We hereby exercise our Investor Call, for the issuance of a Tranche of Notes upon exercise of Note Warrants, amounting to a principal amount of [three million/one million five hundred thousand Euros (EUR 3,000,000/1,500,000)]. Please send a Request in this respect, in accordance with the terms of Clause 3.2 of the Agreement.

On [-], in [-].

Sincerely,

European High Growth Opportunities Securitization Fund,
Represented by **European High Growth Opportunities Manco SA**

Schedule 9

**REQUEST FOR THE ISSUANCE OF A TRANCHE OF NOTES
THROUGH THE EXERCISE OF NOTE WARRANTS**

VIA EMAIL

To:

European High Growth Opportunities Securitization Fund

Address: *c/o European High Growth Opportunities Manco SA*, 18, rue Robert Stümper, 2557

Luxembourg

Attention to: **Pierre Vannineuse**

E-mail address: p.vannineuse@abo.co

Copy to: **Hugo Pingray** and **Amaury Mamou-Mani**

E-mail addresses: h.pingray@abo.co and a.mamou-mani@abo.co

Dear Sirs,

We refer to the agreement for the issuance of and subscription to warrants giving access to notes convertible into new and/or existing shares of the Issuer with share subscription warrants attached dated June 24, 2020 (the "**Agreement**").

All terms written with a capital initial letter shall have the definition ascribed to them in the Agreement.

The conditions set out in Clause 3.4 of the Agreement being satisfied (or waived by the Investor), we hereby submit a Request, in accordance with Clause 3.1 of the Agreement, for the issuance of a Tranche of Notes amounting to a principal amount of three million Euros (EUR 3,000,000) through the exercise of sixty (60) Note Warrants.

We also inform you that the Fair Market Value of the Warrants (as computed by the Issuer per standard Black & Scholes valuation model as of the date of this Request) is equal to EUR [·].

On [-], in [-].

Sincerely,

Erytech Pharma SA

Mr. Gil Beyen

in his capacity as Chief Executive Officer (*Directeur Général*)

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 8, 2021

/s/ Gil Beyen

Name: Gil Beyen

Title: Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION BY THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a - 14(a)
AND 15(d)-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 8, 2021

/s/ Eric Soyer

Name: Eric Soyer

Title:

Chief Financial Officer, Chief Operating Officer and
Deputy General Manager (*Principal Financial
Officer*)

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, 2020, 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 8, 2021

/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)



KPMG Audit
51 rue de Saint-Cyr
CS 60409
69338 Lyon Cedex 9
France

Telephone: +33 (0)4 37 64 76 00
Telefax: +33 (0)4 37 64 76 09
Internet: www.kpmg.fr

Consent of independent Registered Public Accounting Firm

The Board of Directors,

We consent to the incorporation by reference in the registration statements nos. 333-239429, 333-232670 and 333-222673 on Form S-8 and no. 333-248953 on Form F-3 of Erytech Pharma S.A. of our report dated March 8, 2021, with respect to the consolidated statements of financial position of Erytech Pharma S.A. and its subsidiary as of December 31, 2020, 2019 and 2018, 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, 2020, 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, 2020.

Our report dated March 8, 2021, 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 8, 2021
KPMG Audit
A division of KPMG S.A.
Stéphane Devin
Partner