

The Virbac logo is displayed in white text on a blue rectangular background. The word "Virbac" is written in a sans-serif font, with a red horizontal line underneath the letters "i" and "r".

Virbac

**NOTICE OF MEETING
COMBINED GENERAL SHAREHOLDER'S MEETING**

Monday June 21, 2021 at 9:00 a.m.
Virbac Direction 13° rue LID 06517 Carros

A close-up photograph of a woman with blonde hair tied back, wearing a white surgical face mask. She is hugging a brown dog, possibly a Weimaraner, from behind. The dog is looking towards the right. They are in a grassy field at sunset, with the sun low on the horizon, creating a warm, golden glow. The woman has a ring on her finger.

**Shaping the future
of animal health**

AMENDING NOTICE

Combined ordinary and extraordinary shareholder's meeting of June 21, 2021

The meeting notice was published in BALO n ° 53 on May 3, 2021 with the agenda and draft resolutions.

Shareholders are informed that the company's board of directors, which met on May 5, 2021, added two additional items to the agenda and amended the eighteen resolution, on a proposal from the shareholder, the company Investec.

These points give rise to:

1- Two additional resolutions:

First new resolution on an ordinary business: appointment of Rodolphe Durand as non-voting advisor

The shareholder's meeting, in accordance with *quorum* and majority requirements for ordinary shareholder's meetings, subject to the adoption of the second new resolutions below, decides to appoint Rodolphe Durand, as non-voting advisor, for a term expiring at the end of the shareholder's meeting called to approve the accounts for the financial year ending on December 31, 2021.

Second new resolution on an extraordinary business: amendment of the article 16 of the articles of association (non-voting advisor)

The shareholder's meeting, in accordance with *quorum* and majority requirements for extraordinary shareholder's meetings, decides to amend the company's articles of association in order to include the provisions relating to the possibility to appoint a second non-voting advisor, as follows:

ARTICLE 16 – NON-VOTING ADVISORS

16.1. The ordinary shareholders meeting may appoint two non-voting advisors, natural persons or legal entities chosen from among the shareholders or outside of them.

16.2. The board of directors may also, on a provisional basis, appoint two non-voting advisors, a natural persons or legal entities chosen from among the shareholders or outside of them. This appointment is subject to ratification by the next ordinary general meeting.

Furthermore, in the event of vacancy due to death or resignation of the non-voting advisors or to the termination of the duties of this particular position for any other reason, the board of directors may also make appointments on a provisional basis, with ratification by the next shareholder's meeting. A non-voting advisor appointed to replace another shall remain in office only for the time remaining in their predecessor's term of office.

16.3. A non-voting advisor that is a legal entity must, at the time of its appointment, designate a permanent representative who is a natural person. If no permanent representative is appointed, the non-voting advisor that is a legal entity shall be represented by its legal representative.

16.4. Each non-voting advisor is appointed for a one-year term that expires at the end of the general meeting of shareholders that is called to approve the accounts for the past financial year and held in the year during which their term expires.

The non-voting advisor may be reappointed indefinitely.

They may be revoked at any time by a decision of the general meeting.

16.5. The non-voting advisors are at the disposal of the board of directors and its chairman to provide their opinion on matters of all kinds that are submitted to them. They can make any observations they deem necessary during meetings of the board of directors. They ensure, in particular, that the articles of association are properly followed. They have access to the same information as the members of the board of directors and are bound by the same obligations of discretion as the members of the board of directors.

The non-voting advisors do not have the capacity of corporate officer. They have no decision-making power. They only have an advisory and non-deliberative vote at the meetings of the board of directors, which they are invited to attend.

16.6. The agreements entered into with the company are subject to the same conditions as the agreements concluded with the members of the board of directors, covered by the legal and regulatory provisions in force.

16.7. The board of directors can compensate the non-voting advisors out of the attendance fees allocated by the shareholder's meeting to its members.

2- Modification of the eighteen resolution (on an ordinary business)

The amount of the compensation allocated to the members of the board of directors and the non-voting advisors is increased from €178 500 to €187 500.

Eighteenth resolution modified: setting the amount of compensation allocated to the members of the board of directors and the non-voting advisors

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, elects to grant the sum of €187 500 for the purposes of compensating its members and the non-voting advisors for the 2021 financial year; said sum is to be distributed among its members and the non-voting advisors by the board of directors.

The new agenda and draft of resolutions are following:

AGENDA

I – Ordinary business

1. Approval of the statutory accounts for the 2020 financial year,
 2. Approval of the 2020 consolidated accounts,
 3. Allocation of profit,
 4. Agreements and commitments known as "regulated", pursuant to article L225-38 et seq. of the French commercial code,
 5. Renewal of the term of office of Marie-Hélène Dick-Madelpuech as a member of the board of directors,
 6. Renewal of the term of office of Solène Madelpuech as a member of the board of directors,
 7. Renewal of the term of office of the company Xavier Yon Consulting Unipessoal Lda as a non-voting advisor,
 8. Approval of the information mentioned in article L22-10-9 I. of the French commercial code relating to the compensation of members of the supervisory board in office until December 15, 2020,
 9. Approval of the information mentioned in article L22-10-9 I. of the French commercial code relating to the compensation of members of the executive board in office until December 15, 2020,
 10. Approval of the elements comprising compensation and benefits of any nature paid or awarded in the 2020 financial year to Marie-Hélène Dick-Madelpuech, chairwoman of the supervisory board, in office until December 15, 2020,
 11. Approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2020 financial year to Sébastien Huron, chairman of the executive board, in office until December 15, 2020,
 12. Approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2020 financial year to Christian Karst, member of the executive board, in office until December 15, 2020,
 13. Approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2020 financial year to Habib Ramdani, member of the executive board, in office until December 15, 2020,
 14. Approval of the compensation policy of the chairwoman of the board of directors for the 2021 financial year,
 15. Approval of the compensation policy of the members of the board of directors for the 2021 financial year,
 16. Approval of the compensation policy of the chief executive officer for the 2021 financial year,
 17. Approval of the compensation policy of the deputy chief executive officers for the 2021 financial year,
 18. Setting the amount of compensation allocated to the members of the board of directors and the non-voting advisors,
 19. Authorization to be granted to the board of directors to buy back shares of the company.
- First new resolution: appointment of Rodolphe Durand as non-voting advisor.

II – Extraordinary business

20. Authorization to be granted to the board of directors for the purpose of reducing the share capital by cancelling treasury shares held by the company,
 21. Authorization to be granted to the board of directors for the purpose of reducing the share capital by cancelling treasury shares held by the company.
- Second new resolution: amendment of the article 16 of the articles of association (non-voting advisor).
22. Powers.

RESOLUTIONS

I – Ordinary business

First resolution: approval of the statutory accounts for the 2020 financial year

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, after having heard the reports from the board of directors and the statutory auditors, approves, as they were presented, the statutory accounts for the financial year ending December 31, 2020 showing a net profit of €151,122,870.09, as well as the transactions reflected in these accounts or summarized in said reports.

The shareholders' meeting also approves the expenditures incurred during the past financial year related to the transactions that fall within the scope of article 39-4 of the French general tax code, representing a total of €441,005. As a consequence, the shareholders' meeting grants the board of directors full and unreserved discharge of their duties for the aforementioned financial year.

Second resolution: approval of the 2020 consolidated accounts

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholder's meeting, after having heard the reports from the board of directors and the statutory auditors for the financial year ending December 31, 2020, approves, as they were presented, the consolidated accounts for this financial year, showing a net profit of €137,464,878 attributable to the owners of the parent company.

The shareholders' meeting also approves the transactions reflected in these accounts or summarized in said reports.

Third resolution: allocation of profit

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, elects to allocate the profit for the financial year as follows:

in €	In respect of 2020
Net result for the period	151,122,870.09
Retained earnings carried forward	388,151,395.33
Distributable result	539,274,265.42
Distribution of dividend	6,343,500.00
Retained earnings for the period	144.779.370,09

The dividend distributed for each share with the nominal value of €1.25 amounts to €0.75. The dividend to be distributed will be detached from the share on June 23, 2021 and will be payable on June 25, 2021.

The shareholders' meeting decides that, in accordance with the provisions of article L225-210 of the French commercial code, the amount of the dividend corresponding to the treasury shares on the date of payment will be allocated to the retained earnings account, which will therefore be increased by this amount.

The shareholders' meeting acknowledges that the shareholders have been informed:

that since January 1, 2018, the distributed income is subject to a single flat-rate deduction ("flat tax") of 30%, i.e. 12.8% for income tax and 17.2% for social security deductions;

that the mandatory lump sum deduction not discharging the income tax is maintained but its rate is aligned with that of the flat tax (12.8% - art. 117 *quater* of the French general tax code);

that natural persons belonging to a tax household whose reference tax income for the previous year is less than €50,000 (single, divorced or widowed taxpayers) or €75,000 (taxpayers subject to joint taxation) may request to be exempted from the flat-rate non-discharging deduction of 12.8% in respect of income tax; the exemption request must be made, under the responsibility of the shareholder, no later than November 30 of the year preceding the payment of the dividend;

that the option for taxation of the dividend on the progressive scale remains possible and must be indicated on the tax return; in this case, the flat-rate non-discharging deduction of 12.8% will be deducted from the tax due. The 40% reduction will be maintained, but social security contributions will be based on the amount before reduction.

It is specified that the amount of income distributed for the year ended December 31, 2020 eligible for the 40% reduction provided for in article 158, 3-2 of the French general tax code amounts to €6,343,500, i.e. all dividends distributed.

The shareholders were also reminded that, in accordance with the provisions of article L136-7 of the French social security code, social security contributions on dividends paid to natural persons domiciled for tax purposes in France are subject to the same rules as the deduction mentioned in article 117 *quater* of the French general tax code, i.e. debited at source by the paying institution, when the latter is established in France, and paid to the Treasury within the first fifteen days of the month following the payment of dividends.

Pursuant to article 243 *bis* of the French general tax code, it is recalled that distributions made for the three previous financial years were as follows:

in €	Dividend per share	Global distribution
In respect of 2017	—	—
In respect of 2018	—	—
In respect of 2019	—	—

Fourth resolution: regulated agreements and commitments referred to in article L225-38 of the French commercial code

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, having acquainted itself with the special report of the statutory auditors noting the absence of agreements and commitments subject to the provisions of article L225-38 of the French commercial code, shall simply take note of them.

Fifth resolution: renewal of the term of office of Marie-Hélène Dick-Madelpuech as a member of the board of directors

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, elects to renew Marie-Hélène Dick-Madelpuech's term of office as a member of the board of directors for a period of three years that will expire at the close of the shareholders' meeting convened to approve the accounts for the financial year ending December 31, 2023.

Sixth resolution: renewal of the term of office of Solène Madelpuech as a member of the board of directors

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, elects to renew Solène Madelpuech's term of office as a member of the board of directors for an additional period of three years that will expire at the close of the shareholders' meeting convened to approve the accounts for the financial year ending December 31, 2023.

Seventh resolution: renewal of the term of office of the company Xavier Yon Consulting Unipessoal Lda as a non-voting advisor

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, renews the term of office of the Xavier Yon Consulting company, represented by Xavier Yon, as a non-voting advisor.

Xavier Yon Consulting Unipessoal Lda's term of office will end at the close of the shareholders' meeting convened to approve the accounts for the financial year ending December 31, 2021.

Eighth resolution: approval of the information mentioned in article L22-10-9 I. of the French commercial code relating to the compensation of members of the supervisory board in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, pursuant to the provisions of article L22-10-34 I. of the French commercial code, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves the information involving supervisory board members, in office until December 15, 2020, referred to in article L22-10-9 I. of the French commercial code, as presented in the Corporate governance report (pages 120 to 121).

Ninth resolution: approval of the information mentioned in article L22-10-9 I. of the French commercial code relating to the compensation of members of the executive board in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, pursuant to the provisions of article L22-10-34 I. of the French commercial code, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves the information involving executive board members, in office until December 15, 2020, referred to in article L22-10-9 I. of the French commercial code, as presented in the Corporate governance report (pages 121 to 131).

Tenth resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded in the 2020 financial year to Marie-Hélène Dick-Madelpuech, chairwoman of the supervisory board, in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves, pursuant to article L22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2020 financial year or awarded under the same financial year to Marie-Hélène Dick-Madelpuech, chairwoman of the supervisory board, in office until December 15, 2020, as presented in the Corporate governance report (page 121).

Eleventh resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2020 financial year to Sébastien Huron, chairman of the executive board, in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves, pursuant to article L22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2020 financial year or awarded under the same financial year to Sébastien Huron, chairman of the executive board, in office until December 15, 2020, as presented in the Corporate governance report (pages 121 to 124).

Twelfth resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2020 financial year to Christian Karst, member of the executive board, in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves, pursuant to article L22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2020 financial year or awarded under the same financial year to Christian Karst, member of the executive board, in office until December 15, 2020, as presented in the Corporate governance report (pages 121 to 122 and 124 to 125).

Thirteenth resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2020 financial year to Habib Ramdani, member of the executive board, in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves, pursuant to article L22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2020 financial year or awarded under the same financial year to Habib Ramdani, member of the executive board, in office until December 15, 2020, as presented in the Corporate governance report (pages 121 to 122 and 126 to 127).

Fourteenth resolution: approval of the compensation policy of the chairwoman of the board of directors for the 2021 financial year

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L22-10-8 of the French commercial code, the compensation policy for the chairwoman of the board of directors for the 2021 financial year, as presented in the Corporate governance report (page 112).

Fifteenth resolution: approval of the compensation policy of the members of the board of directors for the 2021 financial year

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L22-10-8 of the French commercial code, the compensation policy for the members of the board of directors for the 2021 financial year, as presented in the Corporate governance report (page 112).

Sixteenth resolution: approval of the compensation policy of the chief executive officer for the 2021 financial year

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L22-10-8 of the French commercial code, the compensation policy for the chief executive officer for the 2021 financial year, as presented in the Corporate governance report (pages 113 to 115).

Seventeenth resolution: approval of the compensation policy of the deputy chief executive officers for the 2021 financial year

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L22-10-8 of the French commercial code, the compensation policy for the deputy chief executive officers for the 2020 financial year, as presented in the Corporate governance report (pages 116 to 119).

Eighteenth resolution: setting the amount of compensation allocated to the members of the board of directors and the non-voting advisors

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, elects to grant the sum of €187 500 for the purposes of compensating its members and the non-voting advisors for the 2021 financial year; said sum is to be distributed among its members and the non-voting advisors by the board of directors.

Nineteenth resolution: authorization to be granted to the board of directors to buy back shares of the company

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, after having heard the report from the board of directors, authorizes the board of directors, with the option of sub-delegation, in accordance with the provisions of articles L22-10-62 et seq. of the French commercial code, to buy back shares representing up to a maximum of 10% of the company's share capital on the date of this meeting, in order to:

- ensure liquidity or support the market price via an independent investment services provider pursuant to a liquidity agreement in accordance with a code of ethics recognized by the French financial markets authority (*Autorité des marchés financiers*);
- proceed with the allocation of bonus performance-related stock grants under the provisions of articles L225-197-1 and seq. of the French commercial code;
- reduce the company's share capital by cancelling all or part of the shares purchased.

The maximum unit purchase price may not exceed €350 per share.

The maximum transaction amount that could be carried out pursuant to this resolution, taking into account the 23,856 shares already held as of February 28, 2021, is thus set at €287,680,400.

In the event of a capital increase through incorporation of reserves and allocation of performance-related stock grants, a share split or reverse shares split, this amount will be adjusted by a multiplier equal to the ratio between the number of shares in the share capital prior to the transaction and the number after the transaction.

This authorization, which cancels and supersedes any previous authorization of the same nature, in particular the one granted by the shareholders' meeting of June 22, 2020 in its twentieth resolution, is granted for a period of 18 months from the date of this meeting.

All powers are conferred to the executive board, with the power of delegation, to place all orders, enter into all agreements, carry out all formalities and declarations with any organization, in particular the French financial markets authority and, more generally, to do what will be necessary for the purposes of carrying out transactions performed in accordance with this authorization.

First new resolution: appointment of Rodolphe Durand as non-voting advisor

The shareholder's meeting, in accordance with *quorum* and majority requirements for ordinary shareholder's meetings, subject to the adoption of the second new resolutions below, decides to appoint Rodolphe Durand, as non-voting advisor, for a term expiring at the end of the shareholder's meeting called to approve the accounts for the financial year ending on December 31, 2021.

II – Extraordinary business

Twentieth resolution: authorization to be granted to the board of directors for the purpose of reducing the share capital by cancelling treasury shares held by the company

The shareholder's meeting, in accordance with *quorum* and majority requirements for extraordinary shareholders' meetings, after having heard the board of directors' report and the special report of the statutory auditors:

- authorizes the board of directors to cancel, on one or more occasions, all or part of the shares held by the company or which could be held by the company following buybacks carried out under article L22-10-62 of the French commercial code, up to a maximum of 10% of the total number of shares per period stipulated by law, by attributing the difference between the purchase value of the cancelled shares and the nominal value on the premiums and available reserves, including, in part, up to 10% of the capital cancelled from the legal reserve;
- authorizes the board of directors to record that one or more capital decreases have been carried out and, as a result, amend the bylaws and carry out all requisite formalities;
- authorizes the board of directors to delegate all powers needed to implement its decisions, all in accordance with the legal provisions in effect at the time of this authorization;
- this authorization is valid for a term of twenty-six months from the date of this shareholders' meeting.

Twenty-first resolution: authorization to be granted to the board of directors to proceed with allocations of bonus performance-related stock grants

The shareholder's meeting, in accordance with *quorum* and majority requirements for extraordinary shareholders' meetings, after having heard the board of directors' report and the special report of the statutory auditors, and in accordance with articles L225-197-1 et seq. of the French commercial code:

- authorizes the board of directors to award, on one or more occasions, bonus performance-related stock grants of existing Virbac shares to managers or comparable employees, or certain categories thereof, as well as to the company officers referred to in article L225-197-1 of the French commercial code, both from Virbac and the companies that are either directly or indirectly associated with it, in accordance with article L225-197-2 of the French commercial code;
- resolves that the total number of performance-related stock grants that may be awarded under this authorization, may not exceed 1% of Virbac's share capital as valued on the day of the adoption of the award resolution by the board of directors, subject to the regulatory adjustments necessary to protect the rights of the beneficiaries of the shares;
- resolves that, within the aforementioned set limit, the number of performance-related stock grants awarded to the chief executive officer and the deputy chief executive officers during the term of this authorization may not exceed 0.5% of the capital as of the day of award;
- resolves that the final award of the existing performance-related stock grants shall be contingent upon fulfillment of the individual and collective performance criteria to be defined by the board of directors;
- resolves that the awarding of the performance-related stock grants to the awardees shall be final at the end of a minimum vesting period of two years;
- resolves that the minimum holding period of the performance-related stock grants by the awardees shall be two years;
- vests all powers in the board of directors, with the option of sub-delegation, to implement this authorization for the purpose, in particular, of:
 - determining the identity of the beneficiaries or of the category(ies) of beneficiaries of the bonus performance-related stock grants among the personnel and the corporate officers of the company or the aforementioned companies and the number of shares awarded to each of them;
 - determining the term of the vesting period, and deciding if applicable or not to set a holding period for the shares;
 - determining whether the performance criteria according to which the shares would be awarded were satisfied, and adding, where applicable, all the conditions and criteria that it deems relevant;
 - setting the conditions and, where applicable, the criteria for awarding bonus performance-related stock grants. For shares awarded to the company officers, the board of directors shall resolve either that the performance-related stock grants may not be surrendered by the beneficiaries prior to leaving the company, or shall set the quantity of performance-related stock grants awarded that they must keep as registered shares until they leave the company;
 - having the right to temporarily suspend the allocation rights;
 - setting final awarding dates and the dates as from which the shares may be freely surrendered, taking account of the legal restrictions;
 - recording the performance-related stock grants awarded as registered shares in the name of their holder, mentioning the holding period and the term of such holding period and lifting the holding period for the shares for any circumstance for which applicable regulations allow the lifting of the holding period.
- authorizes the board of directors to provide for, if applicable, the permanent allocation of the shares before the end of the vesting period and the elimination of the holding period in the event of the disability of the beneficiary corresponding to classification in the second or third categories provided in article L341-4 of the French social security code, as well as in the event of the death of the beneficiary;
- authorizes the board of directors, where applicable, to adjust the number of performance-related stock grants awarded related to any transactions involving the share capital of Virbac;

- delegates all powers to the board of directors, with the option of sub-delegation within the statutory limits, to implement this authorization, to perform all acts and formalities and make all representations and generally to do whatever is necessary.

The shareholder's meeting takes note of the fact that, if the board of directors uses this authorization, it shall inform the shareholders' meeting each year of the transactions carried out under the provisions of articles L225-197-1 to L225-197-3 of the French commercial code under the conditions provided for in article L225-197-4 of said code.

This authorization is granted for a period of 38 months as from the day of this meeting and renders the unused portion of the twenty-fifth resolution of the combined shareholders' meeting of June 20, 2018 ineffective.

Second new resolution on an extraordinary business: amendment of the article 16 of the articles of association (non-voting advisor)

The shareholder's meeting, in accordance with *quorum* and majority requirements for extraordinary shareholder's meetings, decides to amend the company's articles of association in order to include the provisions relating to the possibility to appoint a second non-voting advisor, as follows:

ARTICLE 16 – NON-VOTING ADVISORS

16.1. The ordinary shareholders meeting may appoint two non-voting advisors, natural persons or legal entities chosen from among the shareholders or outside of them.

16.2. The board of directors may also, on a provisional basis, appoint two non-voting advisors, a natural persons or legal entities chosen from among the shareholders or outside of them. This appointment is subject to ratification by the next ordinary general meeting.

Furthermore, in the event of vacancy due to death or resignation of the non-voting advisors or to the termination of the duties of this particular position for any other reason, the board of directors may also make appointments on a provisional basis, with ratification by the next shareholder's meeting. A non-voting advisor appointed to replace another shall remain in office only for the time remaining in their predecessor's term of office.

16.3. A non-voting advisor that is a legal entity must, at the time of its appointment, designate a permanent representative who is a natural person. If no permanent representative is appointed, the non-voting advisor that is a legal entity shall be represented by its legal representative.

16.4. Each non-voting advisor is appointed for a one-year term that expires at the end of the general meeting of shareholders that is called to approve the accounts for the past financial year and held in the year during which their term expires.

The non-voting advisor may be reappointed indefinitely.

They may be revoked at any time by a decision of the general meeting.

16.5. The non-voting advisors are at the disposal of the board of directors and its chairman to provide their opinion on matters of all kinds that are submitted to them. They can make any observations they deem necessary during meetings of the board of directors. They ensure, in particular, that the articles of association are properly followed. They have access to the same information as the members of the board of directors and are bound by the same obligations of discretion as the members of the board of directors.

The non-voting advisors do not have the capacity of corporate officer. They have no decision-making power. They only have an advisory and non-deliberative vote at the meetings of the board of directors, which they are invited to attend.

16.6. The agreements entered into with the company are subject to the same conditions as the agreements concluded with the members of the board of directors, covered by the legal and regulatory provisions in force.

16.7. The board of directors can compensate the non-voting advisors out of the attendance fees allocated by the shareholder's meeting to its members.

Twenty-second resolution: powers for formalities

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, confers all powers to the bearer of an original, an extract or a copy of these meeting minutes in order to carry out all formalities stipulated by law.

The board of directors

AVIS DE RÉUNION

Publié au BALO (*Bulletin des annonces légales obligatoires*) le 3 mai 2021

Assemblée générale mixte ordinaire et extraordinaire du 21 juin 2021

Mesdames et Messieurs les actionnaires sont informés qu'une assemblée générale mixte ordinaire et extraordinaire se tiendra le 21 juin 2021 à 9 heures, dans les bâtiments de Virbac Direction, 13^e rue L.I.D., 06517 Carros.

Avertissement :

Dans le contexte de l'épidémie du Covid-19 et des mesures administratives qui pourraient être maintenues au-delà des dates actuellement fixées pour limiter les rassemblements et les déplacements, les modalités d'organisation et de participation des actionnaires à l'assemblée générale devant se tenir le 21 juin 2021 pourraient être aménagées, avec éventuellement la tenue de cette assemblée générale à huis clos.

Les actionnaires sont invités à consulter régulièrement la rubrique dédiée à l'assemblée générale sur le site de la société : <https://corporate.virbac.com>

L'ASSEMBLÉE EST APPELÉE À DÉLIBÉRER SUR L'ORDRE DU JOUR SUIVANT :

I – De la compétence de l'assemblée générale ordinaire

1. Approbation des comptes sociaux de l'exercice 2020,
2. Approbation des comptes consolidés de l'exercice 2020,
3. Affectation du résultat,
4. Conventions et engagements réglementées visés à l'article L225-38 du Code de commerce,
5. Renouvellement du mandat de Marie-Hélène Dick-Madelpuech qualité de membre du conseil d'administration,
6. Renouvellement du mandat de Solène Madelpuech qualité de membre du conseil d'administration,
7. Renouvellement de la société Xavier Yon Consulting Unipessoal Lda en qualité de censeur,
8. Approbation des informations mentionnées à l'article L22-10-9 I. du Code de commerce relatives à la rémunération des membres du conseil de surveillance en fonction jusqu'au 15 décembre 2020,
9. Approbation des informations mentionnées à l'article L22-10-9 I. du Code de commerce relatives à la rémunération des membres du directoire en fonction jusqu'au 15 décembre 2020,
10. Approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2020 à Marie-Hélène Dick-Madelpuech, présidente du conseil de surveillance, en fonction jusqu'au 15 décembre 2020,
11. Approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2020 à Sébastien Huron, président du directoire, en fonction jusqu'au 15 décembre 2020,
12. Approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2020 à Christian Karst, membre du directoire, en fonction jusqu'au 15 décembre 2020,
13. Approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2020 à Habib Ramdani, membre du directoire, en fonction jusqu'au 15 décembre 2020,
14. Approbation de la politique de rémunération de la présidente du conseil d'administration pour l'exercice 2021,
15. Approbation de la politique de rémunération des membres du conseil d'administration pour l'exercice 2021,
16. Approbation de la politique de rémunération du directeur général pour l'exercice 2021,
17. Approbation de la politique de rémunération des directeurs généraux délégués pour l'exercice 2021,
18. Fixation du montant de la rémunération allouée aux membres du conseil d'administration et au censeur,
19. Autorisation à conférer au directoire aux fins de procéder au rachat d'actions de la société.

II – De la compétence de l'assemblée générale extraordinaire

20. Autorisation à conférer au conseil d'administration à l'effet de réduire le capital social par annulation d'actions propres détenues par la société,
21. Autorisation à donner au conseil d'administration de procéder à des attributions gratuites d'actions de performance,
22. Pouvoirs en vue des formalités.

TEXTE DES RÉSOLUTIONS PROPOSÉES

I – De la compétence de l'assemblée générale ordinaire

Première résolution approbation des comptes sociaux de l'exercice 2020

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, après avoir pris connaissance des rapports du conseil d'administration et des commissaires aux comptes, approuve, tels qu'ils ont été présentés, les comptes sociaux arrêtés à la date du 31 décembre 2020 et qui font ressortir un bénéfice net de 151 122 870,09 €, ainsi que les opérations traduites dans ces comptes ou résumées dans ces rapports.

Elle approuve également les dépenses effectuées au cours de l'exercice écoulé ayant trait aux opérations visées à l'article 39-4 du Code général des impôts pour un montant global de 441 005 €. En conséquence, elle donne aux membres du conseil d'administration quitus entier et sans réserve de l'exécution de leur mandat pour ledit exercice.

Deuxième résolution : approbation des comptes consolidés de l'exercice 2020

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, après avoir pris connaissance des rapports du conseil d'administration et des commissaires aux comptes sur l'exercice clos le 31 décembre 2020, approuve, tels qu'ils lui ont été présentés, les comptes consolidés de cet exercice qui font ressortir un résultat net attribuable aux propriétaires de la société mère de 137 464 878 €.

Elle approuve également les opérations traduites par ces comptes ou résumées dans ces rapports.

Troisième résolution : affectation du résultat

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, décide d'affecter comme suit le bénéfice de l'exercice :

Au titre de l'exercice 2020	
Bénéfice de l'exercice	151,122,870.09
Report à nouveau antérieur	388,151,395.33
Bénéfice distribuable	539,274,265.42
Distribution de dividende	6,343,500.00
Affectation au report à nouveau	144,779,370.09

Le dividende distribué à chaque action au nominal de 1,25 € s'élève à 0,75 €. Le dividende à distribuer sera détaché de l'action le 23 juin 2021 et sera payable le 25 juin 2021.

L'assemblée décide, que conformément aux dispositions de l'article L225-210 du Code de commerce, le montant du dividende correspondant aux actions auto-détenues à la date de la mise en paiement sera affecté au compte report à nouveau qui sera de ce fait augmenté de ce montant.

L'assemblée générale prend acte que les associés ont été informés :

- que depuis le 1^{er} janvier 2018, les revenus distribués sont soumis à un prélèvement forfaitaire unique (PFU ou "flat tax") de 30%, soit 12,8% au titre de l'impôt sur le revenu et 17,2% de prélèvements sociaux ;
- que le prélèvement forfaitaire obligatoire non libératoire de l'impôt sur le revenu est maintenu mais son taux est aligné sur celui du PFU (12,8 % - CGI, art. 117 quater) ;
- qu'ils peuvent demander à être dispensés du prélèvement forfaitaire non libératoire de 12,8% au titre de l'impôt sur le revenu les personnes physiques appartenant à un foyer fiscal dont le revenu fiscal de référence de l'avant-dernière année est inférieur à 50 000 € (contribuables célibataires, divorcés ou veufs) ou 75 000 € (contribuables soumis à une imposition commune) ; la demande de dispense doit être formulée, sous la responsabilité de l'associé, au plus tard le 30 novembre de l'année précédant le paiement du dividende ;
- que l'option pour une imposition du dividende au barème progressif reste possible et doit être indiquée sur la déclaration de revenus ; dans ce cas, le prélèvement forfaitaire non libératoire de 12,8% sera déduit de l'impôt dû. L'abattement de 40% sera maintenu mais les prélèvements sociaux seront assis sur le montant avant abattement.

Il est précisé que le montant des revenus distribués au titre de l'exercice clos le 31 décembre 2020 éligible à l'abattement de 40 % prévu à l'article 158, 3-2° du Code général des impôts s'élève à 6 343 500 €, soit la totalité des dividendes mis en distribution.

Il a en outre été rappelé aux associés que, conformément aux dispositions de l'article L.136-7 du Code de la sécurité sociale, les prélèvements sociaux sur les dividendes versés aux personnes physiques fiscalement domiciliées en France sont soumis aux mêmes règles que le prélèvement mentionné à l'article 117 *quater* du Code général des impôts, c'est-à-dire prélevés à la source par l'établissement payeur, lorsque ce dernier est établi en France, et versés au Trésor dans les quinze premiers jours du mois suivant celui du paiement des dividendes.

Conformément à l'article 243 *bis* du Code général des impôts, il est rappelé que les distributions effectuées au titre des trois précédents exercices, ont été les suivantes :

	Dividende par action	Distribution globale
Au titre de l'exercice 2017	—	—
Au titre de l'exercice 2018	—	—
Au titre de l'exercice 2019	—	—

Quatrième résolution : conventions et engagements réglementés visés à l'article L225-38 du Code de commerce

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, connaissance prise du rapport spécial des commissaires aux comptes mentionnant l'absence de conventions de la nature de celles visées à L225-38 du Code de commerce, en prend acte purement et simplement.

Cinquième résolution : renouvellement du mandat de Marie-Hélène Dick-Madelpuech qualité de membre du conseil d'administration

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, décide de renouveler le mandat de Marie-Hélène Dick-Madelpuech en qualité de membre du conseil d'administration pour une durée de trois années venant à expiration à l'issue de l'assemblée générale appelée à statuer sur les comptes de l'exercice clos le 31 décembre 2023.

Sixième résolution : renouvellement du mandat de Solène Madelpuech qualité de membre du conseil d'administration

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, décide de renouveler le mandat de Solène Madelpuech en qualité de membre du conseil d'administration pour une durée de trois années venant à expiration à l'issue de l'assemblée générale appelée à statuer sur les comptes de l'exercice clos le 31 décembre 2023.

Septième résolution : renouvellement de la société Xavier Yon Consulting Unipessoal Lda en qualité de censeur

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, renouvelle le mandat de la société Xavier Yon Consulting, représentée par Xavier Yon, en qualité de censeur.

Le mandat de la société Xavier Yon Consulting Unipessoal Lda prendra fin à l'issue de l'assemblée générale appelée à statuer sur les comptes de l'exercice clos le 31 décembre 2021.

Huitième résolution : approbation des informations mentionnées à l'article L22-10-9 I. du Code de commerce relatives à la rémunération des membres du conseil de surveillance en fonction jusqu'au 15 décembre 2020

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, conformément aux dispositions de l'article L22-10-34 I. du Code de commerce, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L225-37 du Code de commerce, approuve, les informations relatives aux membres du conseil de surveillance, en fonction jusqu'au 15 décembre 2020, mentionnées à l'article L22-10-9 I. du Code de commerce, telles que présentées dans le rapport sur le gouvernement d'entreprise (pages 121 et 122).

Neuvième résolution : approbation des informations mentionnées à l'article L22-10-9 I. du Code de commerce relatives à la rémunération des membres du directoire en fonction jusqu'au 15 décembre 2020

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, conformément aux dispositions de l'article L22-10-34 I. du Code de commerce, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L225-37 du Code de commerce, approuve, les informations relatives aux membres du directoire, en fonction jusqu'au 15 décembre 2020, mentionnées à l'article L22-10-9 I. du Code de commerce, telles que présentées dans le rapport sur le gouvernement d'entreprise (pages 123 à 133).

Dixième résolution : approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2020 à Marie-Hélène Dick-Madelpuech, présidente du conseil de surveillance, en fonction jusqu'au 15 décembre 2020

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L225-37 du Code de commerce, en application de l'article L22-10-34 II. du Code de commerce, les éléments composant la rémunération et autres avantages versés au cours de l'exercice 2020 ou attribués au titre du même exercice à Marie-Hélène Dick-Madelpuech, présidente du conseil de surveillance, en fonction jusqu'au 15 décembre 2020, tels que présentés dans le rapport sur le gouvernement d'entreprise (pages 122 et 123).

Onzième résolution : approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2020 à Sébastien Huron, président du directoire, en fonction jusqu'au 15 décembre 2020

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L225-37 du Code de commerce, en application de l'article L22-10-34 II. du Code de commerce, les éléments composant la rémunération et autres avantages versés au cours de l'exercice 2020 ou attribués au titre du même exercice à Sébastien Huron, président du directoire, en fonction jusqu'au 15 décembre 2020, tels que présentés dans le rapport sur le gouvernement d'entreprise (pages 123 à 125).

Douzième résolution : approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2020 à Christian Karst, membre du directoire, en fonction jusqu'au 15 décembre 2020

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L225-37 du Code de commerce, en application de l'article L22-10-34 II. du Code de commerce, les éléments composant la rémunération et autres avantages versés au cours de l'exercice 2020 ou attribués au titre du même exercice à Christian Karst, membre du directoire, en fonction jusqu'au 15 décembre 2020, tels que présentés dans le rapport sur le gouvernement d'entreprise (pages 123 et 125 à 127).

Treizième résolution : approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2020 à Habib Ramdani, membre du directoire, en fonction jusqu'au 15 décembre 2020

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L225-37 du Code de commerce, en application de l'article L22-10-34 II. du Code de commerce, les éléments composant la rémunération et autres avantages versés au cours de l'exercice 2020 ou attribués au titre du même exercice à Habib Ramdani, membre du directoire, en fonction jusqu'au 15 décembre 2020, tels que présentés dans le rapport sur le gouvernement d'entreprise (pages 123 et 127 à 128).

Quatorzième résolution : approbation de la politique de rémunération de la présidente du conseil d'administration pour l'exercice 2021

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L225-37 du Code de commerce, décrivant les éléments de la politique de rémunération des mandataires sociaux, approuve, en application de l'article L22-10-8 du Code de commerce, la politique de rémunération de la présidente du conseil d'administration, pour l'exercice 2021, telle que présentée dans le rapport sur le gouvernement d'entreprise (pages 113 et 114).

Quinzième résolution : approbation de la politique de rémunération des membres du conseil d'administration pour l'exercice 2021

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L225-37 du Code de commerce, décrivant les éléments de la politique de rémunération des mandataires sociaux, approuve, en application de l'article L22-10-8 du Code de commerce, la politique de rémunération des membres du conseil d'administration, pour l'exercice 2021, telle que présentée dans le rapport sur le gouvernement d'entreprise (pages 113 et 114).

Seizième résolution : approbation de la politique de rémunération du directeur général pour l'exercice 2021

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L225-37 du Code de commerce, décrivant les éléments de la politique de rémunération des mandataires sociaux, approuve, en application de l'article L22-10-8 du Code de commerce, la politique de rémunération du directeur général pour l'exercice 2021, telle que présentée dans le rapport sur le gouvernement d'entreprise (pages 114 à 117).

Dix-septième résolution : approbation de la politique de rémunération des directeurs généraux délégués pour l'exercice 2021

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L225-37 du Code de commerce, décrivant les éléments de la politique de rémunération des mandataires sociaux, approuve, en application de l'article L22-10-8 du Code de commerce, la politique de rémunération des directeurs généraux délégués pour l'exercice 2020, telle que présentée dans le rapport sur le gouvernement d'entreprise (pages 117 à 121).

Dix-huitième résolution : fixation du montant de la rémunération allouée aux membres du conseil d'administration et au censeur

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, décide d'allouer, pour l'exercice 2021, une somme de 178 500 € à fin de rémunération de ses membres, laquelle somme sera répartie par le conseil d'administration entre ses membres et le censeur.

Dix-neuvième résolution : autorisation à conférer au directoire aux fins de procéder au rachat d'actions de la société

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, connaissance prise du rapport du directoire, autorise le conseil d'administration, avec faculté de subdélégation, conformément aux dispositions des articles L22-10-62 et suivants du Code de commerce, à procéder à l'achat d'actions de la société dans la limite de 10 % du capital de la société à la date de la présente assemblée, en vue :

- d'assurer la liquidité ou d'animer le marché du titre par l'intermédiaire d'un prestataire de services d'investissement agissant de manière indépendante, dans le cadre d'un contrat de liquidité conforme à une charte de déontologie reconnue par l'Autorité des marchés financiers ;
- de procéder à des attributions gratuites d'actions de performance dans le cadre des dispositions des articles L225-197-1 et suivants du Code de commerce ;
- de réduire le capital de la société par annulation de tout ou partie des titres achetés.

Le prix maximum d'achat ne devra pas être supérieur à 350 € par titre.

Le montant maximal des opérations qui pourraient être effectuées en application de la présente résolution, compte tenu des 23 856 titres déjà détenus au 28 février 2021 est ainsi fixé à 287 680 400 €

En cas d'augmentation de capital par incorporation de réserves et attribution d'actions de performance ainsi qu'en cas de division ou de regroupement des actions, ce montant sera ajusté par un coefficient multiplicateur égal au rapport entre le nombre d'actions composant le capital avant l'opération et ce nombre après l'opération.

Cette autorisation qui annule et remplace toute autorisation antérieure de même nature, et en particulier, celle consentie par l'assemblée générale du 22 juin 2020 dans sa vingtième résolution, est donnée pour une durée de 18 mois à compter de la présente assemblée.

Tous pouvoirs sont conférés au directoire, avec faculté de délégation, pour passer tous ordres, conclure tous accords, effectuer toutes formalités et toutes déclarations auprès de tout organisme, en particulier l'Autorité des marchés financiers et d'une manière générale, faire ce qui sera nécessaire aux fins de réalisation des opérations effectuées en application de la présente autorisation.

II – De la compétence de l'assemblée générale extraordinaire

Vingtième résolution : autorisation à conférer au conseil d'administration à l'effet de réduire le capital social par annulation d'actions propres détenues par la société

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales extraordinaires, connaissance prise du rapport du conseil d'administration et du rapport spécial des commissaires aux comptes :

- autorise le conseil d'administration à annuler, en une ou plusieurs fois, tout ou partie des actions que la société détient ou pourra détenir par suite des rachats réalisés dans le cadre de l'article L22-10-62 du Code de commerce, dans la limite de 10% du nombre total d'actions par période prévue par la loi, en imputant la différence entre la valeur d'achat des titres annulés et leur valeur nominale sur les primes et réserves disponibles, y compris en partie sur la réserve légale à concurrence de 10% du capital annulé ;
- autorise le conseil d'administration à constater la réalisation de la ou des réductions de capital, modifier en conséquence les statuts et accomplir toutes formalités nécessaires ;
- autorise le conseil d'administration à déléguer tous pouvoirs nécessaires à la mise en œuvre de ses décisions, le tout conformément aux dispositions légales en vigueur lors de l'utilisation de la présente autorisation ;
- fixe à vingt-six mois à compter de la présente assemblée générale, la durée de validité de la présente autorisation.

Vingt-et-unième résolution : autorisation à donner au conseil d'administration de procéder à des attributions gratuites d'actions de performance

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales extraordinaires, connaissance prise du rapport du conseil d'administration et du rapport spécial des commissaires aux comptes, et conformément aux articles L225-197-1 et suivants du Code de commerce :

- autorise le conseil d'administration à procéder, en une ou plusieurs fois, au profit des cadres salariés ou assimilés ou de certaines catégories d'entre eux ainsi que des mandataires sociaux visés à l'article L225-197-1 du Code de commerce, tant de la société Virbac que des sociétés qui lui sont liés directement ou indirectement, dans les conditions de l'article L225-197-2 du Code de commerce, à des attributions gratuites d'actions de performance existantes de la société Virbac ;
- décide que le nombre total d'actions de performance pouvant être attribuées, en vertu de cette autorisation, ne pourra représenter plus de 1% du capital social de la société Virbac apprécié au jour de la décision d'attribution par le conseil d'administration, et sous réserve des ajustements réglementaires nécessaires à la sauvegarde des droits des bénéficiaires ;
- décide que, dans la limite ci-dessus fixée, le nombre d'actions de performance attribuées au directeur général et aux directeurs généraux délégués, pendant la durée de la présente autorisation ne pourra être supérieure à 0,5% du capital au jour de l'attribution ;
- décide que l'attribution définitive des actions de performance existantes sera conditionnée au respect de critères de performance individuels et collectifs qui seront définis par le conseil d'administration ;
- décide que l'attribution des actions de performance à leurs bénéficiaires sera déterminée au terme d'une période d'acquisition minimale de deux ans ;
- décide que l'obligation de conservation des actions de performance par les bénéficiaires sera d'une durée minimale de deux ans ;
- confère tous pouvoirs au conseil d'administration, avec faculté de subdélégation, à l'effet de mettre en œuvre la présente autorisation et à l'effet notamment de :
 - déterminer l'identité des bénéficiaires ou de la ou des catégories de bénéficiaires des attributions gratuites d'actions de performance, parmi les membres du personnel et les mandataires sociaux de la société ou des sociétés susvisées et le nombre d'actions attribuées à chacun d'eux ;
 - déterminer la durée de la période d'acquisition, et décider s'il y a lieu ou non à fixer une durée de conservation des actions ;
 - apprécier le respect des critères de performance, selon lesquels les actions seront attribuées et ajouter, le cas échéant, toutes conditions et critères qu'il jugera pertinent ;
 - fixer les conditions et le cas échéant, les critères d'attributions gratuites des actions de performance, étant précisé que s'agissant des actions octroyées aux mandataires sociaux, le conseil d'administration décidera soit que les actions de performance octroyées ne pourront être cédées par les intéressés avant la cessation de leurs fonctions, soit fixera la quantité d'actions de performance octroyées qu'ils seront tenus de conserver au nominatif jusqu'à la cessation de leurs fonctions ;
 - prévoir la faculté de suspendre provisoirement les droits d'attribution ;
 - constater les dates d'attributions définitives et les dates à partir desquelles les actions pourront être librement cédées, compte tenu des restrictions légales ;
 - inscrire les actions de performance attribuées sur un compte nominatif au nom de leur titulaire, mentionnant l'indisponibilité et la durée de celle-ci et de lever l'indisponibilité des actions pour toute circonstance pour laquelle la réglementation applicable permettrait la levée de l'indisponibilité.
- autorise le conseil d'administration à prévoir, le cas échéant, l'attribution définitive des actions avant le terme de la période d'acquisition et la suppression de la période de conservation en cas d'invalidité du bénéficiaire correspondant au classement dans le deuxième ou la troisième des catégories prévues à l'article L341-4 du Code de la sécurité sociale, ainsi qu'en cas de décès du bénéficiaire ;
- autorise le conseil d'administration à procéder, le cas échéant, aux ajustements du nombre d'actions de performance attribuées liés aux éventuelles opérations sur le capital de la société Virbac ;

- délègue tous pouvoirs au conseil d'administration, avec faculté de subdélégation dans les limites légales, pour mettre en œuvre la présente autorisation, effectuer tous actes, formalités et déclarations, et, d'une manière générale, faire tout ce qui sera nécessaire.

L'assemblée générale prend acte du fait que, dans l'hypothèse où le conseil d'administration viendrait à faire usage de la présente autorisation, il informera chaque année l'assemblée générale des opérations réalisées en vertu des dispositions prévues aux articles L225-197-1 à L225-197-3 du Code de commerce dans les conditions prévues par l'article L225-197-4 dudit Code.

Cette autorisation est donnée pour une période de 38 mois à compter du jour de la présente assemblée, et prive d'effet, à hauteur de la partie non utilisée, la vingt-cinquième résolution de l'assemblée générale mixte du 20 juin 2018.

Vingt-deuxième résolution : pouvoirs en vue des formalités

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, confère tous pouvoirs au porteur d'un original, d'un extrait ou d'une copie du procès-verbal de la présente assemblée, à l'effet d'accomplir toutes formalités prévues par la loi.

MODALITÉS DE PARTICIPATION À L'ASSEMBLÉE

Tout actionnaire, quel que soit le nombre d'actions qu'il possède, peut prendre part à l'assemblée générale.

Formalités préalables à effectuer pour participer à l'assemblée générale

Les actionnaires voulant participer à l'assemblée générale, s'y faire représenter ou voter à distance, devront justifier de la propriété de leurs actions au deuxième jour ouvré précédant l'assemblée soit le jeudi 17 juin 2021, à zéro heure, heure de Paris :

- pour l'actionnaire au nominatif, par l'inscription de ses actions dans les comptes de titres nominatifs tenus pour la société par la banque Société Générale,
- pour l'actionnaire au porteur, par l'enregistrement comptable de ses actions, en son nom ou au nom de l'intermédiaire inscrit pour son compte dans son compte titres, tenu par l'intermédiaire bancaire ou financier habilité. Cet enregistrement comptable des actions doit être constaté par une attestation de participation délivrée par l'intermédiaire habilité, qui apportera ainsi la preuve de sa qualité d'actionnaire.

Seuls pourront participer à l'assemblée générale les actionnaires justifiant à cette date les conditions prévues par l'article R225-85 du Code de commerce et rappelées ci-dessus.

L'attestation de participation délivrée par l'intermédiaire habilité doit être jointe au formulaire de vote à distance ou par procuration, ou à la demande de carte d'admission, adressés, par l'intermédiaire habilité, à la banque Société Générale – Service des Assemblées – CS 30812 – 44308 NANTES CEDEX 3.

Modes de participation à l'assemblée générale

Les actionnaires peuvent choisir entre l'une des trois modalités suivantes de participation :

- soit en y assistant personnellement ;
- soit en votant par correspondance ;
- soit en se faisant représenter en donnant pouvoir au président, à leur conjoint ou partenaire avec lequel a été conclu un pacte civil de solidarité, à un autre actionnaire, ou à toute autre personne (physique ou morale) de leur choix (article L225-106 du Code de commerce) ou encore sans indication de mandataire.

Il est précisé que l'actionnaire qui a déjà exprimé son vote à distance, envoyé un pouvoir ou demandé sa carte d'admission ou une attestation de participation à l'assemblée peut à tout moment céder tout ou partie de ses actions. Si le dénouement de la cession intervient avant le deuxième jour ouvré précédant l'assemblée à zéro heure, heure de Paris, le vote exprimé par correspondance, le pouvoir, la carte d'admission, éventuellement accompagnés d'une attestation de participation, seraient invalidés ou modifiés en conséquence, selon le cas. À cette fin, l'intermédiaire habilité teneur de compte devra notifier la cession à la société et lui transmettre les informations nécessaires.

1. Présence à l'assemblée générale

Les actionnaires souhaitant assister physiquement à l'assemblée générale pourront demander une carte d'admission de la façon suivante :

- l'actionnaire au nominatif reçoit directement le formulaire de vote, joint à l'avis de convocation, qu'il doit compléter en précisant qu'il souhaite obtenir une carte d'admission et le renvoyer signé à l'appui de l'enveloppe pré-payée jointe ;
- l'actionnaire au porteur devra contacter son établissement teneur de compte en indiquant qu'il souhaite assister personnellement à l'assemblée générale. Le teneur de compte transmettra cette demande à la banque Société Générale qui fera parvenir à l'actionnaire sa carte d'admission.

Toutefois, si un actionnaire au porteur souhaitant participer physiquement à l'assemblée, n'a pas reçu sa carte d'admission à J-2 avant l'assemblée, il devra demander à son intermédiaire financier de lui délivrer une attestation de participation qui lui permettra de justifier sa qualité d'actionnaire à J-2 pour être admis à l'assemblée.

Le jour de l'assemblée, tout actionnaire devra justifier de sa qualité et de son identité lors des formalités d'enregistrement.

2. Vote par correspondance ou procuration

Une formule de vote par correspondance et de pouvoir sera adressée à tous les actionnaires inscrits au nominatif. Pour voter, le formulaire dûment complété et signé devra être renvoyé à l'appui de l'enveloppe pré-payée jointe.

L'actionnaire au porteur devra demander un formulaire de vote à son établissement teneur de compte qui se chargera de le transmettre accompagné d'une attestation de participation à la banque Société Générale. La demande formulée par lettre simple devra parvenir à la banque Société Générale six jours au moins avant la date de l'assemblée.

Pour être pris en compte, le formulaire dûment rempli et signé (et accompagné de l'attestation de participation pour les actions au porteur) devra ensuite parvenir, au plus tard au plus tard trois jours avant la tenue de l'assemblée, soit le vendredi 18 juin 2021, à la banque Société Générale – Service des Assemblées – CS 30812 – 44308 NANTES CEDEX 3.

Pour cette assemblée, il n'est pas prévu de vote par des moyens électroniques de communication. Aucun site visé à l'article R225-61 du Code de commerce ne sera aménagé à cette fin.

Questions écrites et demande d'inscription de projets de résolution par les actionnaires

Les demandes d'inscription de points ou de projets de résolutions à l'ordre du jour par les actionnaires remplissant les conditions prévues par l'article R225-71 du Code de commerce doivent être envoyées, par lettre recommandée avec demande d'avis de réception à l'adresse suivante Virbac – Direction Juridique – 13^e rue LID 06517 Carros cedex, et être réceptionnés au plus tard vingt-cinq jours avant la tenue de l'assemblée générale..

Les demandes doivent être accompagnées d'une attestation d'inscription en compte qui justifie de la possession ou de la représentation de la fraction du capital exigée par l'article R225-71 du Code de commerce. Par ailleurs, la demande d'inscription d'un point à l'ordre du jour devra être motivée et la demande d'inscription de projets de résolution devra être accompagnée du texte des projets de résolution, et, le cas échéant, d'un bref exposé des motifs.

L'examen des résolutions ou des points qui seront présentés est subordonné à la transmission, par les auteurs de la demande, d'une nouvelle attestation justifiant de l'enregistrement comptable des titres dans les mêmes comptes au deuxième jour ouvré précédant l'assemblée à zéro heure, heure de Paris.

La liste des points ou projets de résolutions ajoutés à l'ordre du jour de l'assemblée générale à la demande des actionnaires dans les conditions prévues, ci-dessus, sera publiée sur le site internet de la société <https://corporate.virbac.com>, conformément à l'article R225-73-1 du Code de commerce.

Conformément à l'article R225-84 du Code de commerce, les questions écrites que les actionnaires peuvent poser doivent être envoyées à Virbac – Direction Juridique – 13^e rue LID 6517 Carros cedex par lettre recommandée avec demande d'accusé de réception, à l'attention du président du directoire, au plus tard le quatrième jour ouvré précédant la date de l'assemblée générale, soit le mardi 15 juin 2021 zéro heure, heure de Paris. Pour être prises en compte, ces questions doivent impérativement être accompagnées d'une attestation d'inscription en compte d'actionnaire.

Droit de communication des actionnaires

L'ensemble des documents et informations prévus à l'article R225-73-1 du Code de commerce peuvent être consultés au plus tard sur le site de la société : <https://corporate.virbac.com>, à compter du vingt et unième jour précédant l'assemblée.

Les documents devant être tenus à la disposition des actionnaires dans le cadre des assemblées générales seront disponibles dans les délais légaux à la Direction Juridique de la société Virbac 13^e rue LID 06517 Carros.

Le conseil d'administration

Management report

2020 KEY EVENTS

Activity maintained in the face of the Covid-19 crisis

In March, as the Covid-19 pandemic hit the world hard, strict health measures were deployed in all our subsidiaries. Our IT teams have been mobilized in conjunction with all the Virbac stakeholders to facilitate the new cooperation methods brought about by widespread teleworking. Externally, suppliers, partners, and external research & development centers have been hard at work to maintain our innovation, production, and delivery activities.

All of this, coupled with the combativeness, solidarity, and resilience of our teams as a whole, has made it possible to meet the challenges related to the safety of our employees and the maintenance of our essential business for animals and public health. In 2020, we have seen significant reductions in spending, whether voluntary or incurred, as a direct result of the health situation. These reductions in operating costs are essentially related to commercial and travel expenses, which, though difficult to accurately assess, are valued at around €15 million. In some countries, we have also benefited from government support measures for companies, but their amount is not deemed to be material at the Group level.

Transfer of Sentinel® trademarks to MSD Animal Health

Under an agreement signed in May 2020, we transferred to MSD Animal Health in July a set of rights for the United States to the Sentinel® Flavor Tabs® and Sentinel® Spectrum® parasiticide solutions, for US \$410 million.

The terms of the agreement concerned the sale, in the United States, of trademarks, marketing authorizations, patents, know-how and other assets, relating to two parasiticide products for dogs: Sentinel® Flavor Tabs® and Sentinel® Spectrum®. As part of this transaction, we are keeping our business structure virtually unchanged and will continue to manufacture Sentinel® Spectrum® at our Bridgeton, Missouri, site for the next ten years on behalf of MSD Animal Health.

In the United States, Sentinel® Flavor Tabs® and Sentinel® Spectrum® generated sales for approximately US \$70 million in 2019. At the time of the acquisition in 2015, we anticipated significant synergies on the historical ranges through access to new major veterinarian clinics and the doubling of the sales force. These expected synergies did not materialize due to the temporary shutdown of the Bridgeton manufacturing site, while the number of brands in the parasiticide market segment has continued to grow in recent years. The sale of these brands was for us an opportunity for significant debt relief. In the United States, it also allows us to refocus on our existing portfolio of products offered to veterinarian clinics and animal owners, and to maximize our growth potential, either organically through future launches or through acquisitions.

Significant debt relief

In 2020, the sale of the Sentinel® brands in the United States enabled us to repay most of our liabilities and to have a positive net cash position. Lines of credit drawn in US dollars were repaid, and the majority of our funding, maturing in 2022 for the most part, was retained to cover potential working capital requirements, external growth operations or other projects.

Temporary shutdown of the global production site for cat and dog vaccines

In April, following an underground pipeline rupture, we stopped manufacturing at the Carros site for two months. During this period, our teams conducted investigations and corrective actions, including major work on the effluent evacuation network.

This total discontinuation of manufacturing resulted in disruptions in the supply of vaccines worldwide, expirations on suspensions of biological active ingredients, and a decrease in turnover, the exact amount of which is difficult to assess given the disruptions in demand in the context of Covid-19. However, we observe a €12 million drop in our revenue from dog and cat vaccines in 2020, excluding CaniLeish. The losses induced were partly borne by our insurer and as such, we recognized in our 2020 accounts an insurance indemnity income in the amount of €3.6 million, as coverage for operating losses.

Furthermore, the inspection of underground networks at all production sites started in 2020 and will continue in 2021.

Decision to end the production of the leishmaniosis vaccine

Following the arrival in 2016 of a new market player, offering a simplified injection process compared to the one marketed by Virbac, we have been led to scale down our business plans and to recognize the impairment of the Leishmaniosis vaccine Cash-generating unit (CGU) in our accounts.

Given the level of sales, which has decreased sharply in recent years, and faced with technical difficulties encountered in the manufacturing phases, we made the decision in June to end the production of our leishmaniosis vaccine.

In accordance with IAS 36, the residual assets relating to this CGU were totally impaired. The impairment was recognized in the accounts in other non-current income and expenses for an amount of €4.5 million. Due to the non-materiality of this line of business, we have not applied the discontinued activity criterion within the meaning of IFRS 5.

Digital transformation

In January, we started the Odyssey program with a view to deploy in 2022 in France and the United States a new ERP (Enterprise resource planning) solution, a collaborative purchasing platform and two expert solutions to cover manufacturing processes (MES - Manufacturing execution system) and quality control (LIMS - Laboratory information management system).

With Odyssey, we are accelerating the transformation of our industrial operations at technological and organizational levels to ensure the company's performance, agility and sustainability.

New governance

In December, our governance evolved from an organization with an executive board and a supervisory board to an organization with a general management (supported by a Group executive committee) and a board of directors, which is the most common form of governance for listed French companies.

This change will strengthen the continuity and sustainability of our operational governance through greater diversity and better distribution of roles and responsibilities, made all the more necessary as Virbac grows and develops around the world.

EVENTS SUBSEQUENT TO DECEMBER 31, 2020

Virbac takes over assets from Elanco

As a result of the commitments made by Elanco to the European commission in connection with the acquisition of Bayer's animal health division, Virbac obtained in February 2021 the rights to certain early stage projects related to the development of parasiticide products from Elanco. In addition, Virbac has also obtained a contribution to the development costs, as well as the worldwide rights to two companion animal products (Itrafungol and Clomicalm) with full-year sales of around €11 million. These asset transfers should have a limited impact on our Ebita and do not lead us to change our guidance for the year 2021.

Brexit as of January 1, 2021

The company conducted an analysis of its situation with regard to Brexit and did not identify any significant financial consequences in this respect. It should be noted that this event had been anticipated by the teams, and operations had been organized accordingly.

Covid-19 health crisis

The health crisis could have an impact on our activities in 2021, depending on its duration, geographical expansion and the resulting economic and social consequences. As mentioned in the significant events over the period, we have implemented a body of measures and daily management in order to prevent and limit potential impacts (crisis management system, supply chain and stock management policies, readjustment of the targets of our safety stocks, business continuity plans of industrial sites, sourcing diversification policies and strengthening relationships with our strategic suppliers, etc.). In addition, our global presence in terms of geographic areas, product categories and distribution channels, the very strong responsiveness and adaptability of our teams through our organizational model, as well as the robustness of our financial situation are assets that will enable us to face the financial consequences of this crisis. However, we remain vigilant to developments in the situation in the coming months, and are mobilized to address them.

RESEARCH & DEVELOPMENT ACTIVITY

We base product innovation on:

- an analysis of future market needs and trends based on ongoing, sophisticated customer feedback. Product development times require us to anticipate future markets as well as societal and regulatory changes in order to provide customers and markets with products that are adapted to future contexts;
- technological advances: the scientific world is advancing at an increasingly rapid pace and offers possibilities for treatment and prevention in the health field. We seek to use these possibilities to meet these needs. Today, we have access to technological solutions that were not even being considered just five to ten years ago. These solutions can dramatically change existing prevention or treatments and may, at times, offer solutions to incurable diseases. We have permanent access to these technological solutions through numerous partnerships with local universities and biotechnology companies.

In addition to the projects resulting from this synergy between needs and technologies and developments by R&D teams around the world, we also have an active business development and commercial licensing policy to enhance our product offering.

Our R&D centers are located on all five continents so as to be as close as possible to production centers. These centers have specialized teams and, when necessary, work collaboratively with other Virbac R&D centers to broaden their skills in specific areas. Their activity is supported by dedicated laboratory facilities (analytical, formulation, biological, process, *etc.*) operating either in the biological field or in the pharmaceutical field, or both. Study opportunities are broadened by the regular use of external research & development centers to which these studies can be entrusted.

In addition to these R&D centers, we have regulatory units dedicated to the domestic, and sometimes regional, registration of products developed by the Virbac group. Teams in these units are smaller and mainly focused on regulatory affairs. These centers have neither a laboratory nor a production unit but can subcontract developments to Contract research organizations (CRO) if specific local studies must be added to the main project file.

Since 2012, using regional R&D centers located around the world, we have adopted both a Corporate Biological R&D organization and a Pharmaceutical R&D organization. This global structuring makes it possible to allocate all the resources and skills of the R&D centers for major projects, boost exchanges and ensure a global vision in terms of regulations and R&D quality. The products developed mirror the Group's strategic sectors: companion animals, ruminants, swine and aquaculture. The innovative products developed for these sectors can then be marketed in the countries and meet customers' expectations.

ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

Performance of revenue

In 2020, our consolidated revenue reached €934.2 million, down 0.4% from the year before and at actual exchange rates but up 3.2% at constant rates. At constant rates and scopes (excluding Sentinel[®]), growth rose to 5.7%.

While the situation linked to the Covid-19 health crisis has temporarily affected certain countries to varying degrees, the mobilization of our teams, the launch of certain products, our accelerated sales development via the digital channel and the geographic and product portfolio diversification, along with the resilience of our sector, globally generated high-growth revenue at constant rates.

Performance by segment

in € million	2020 revenue at actual rates	Growth by segment at constant exchange rates and perimeter					
		> -5%	- 5% to 0%	0% to + 5%	+5% to +10%	+10% to +15%	> 15%
Parasiticides	129.4				8.1%		
Immunology	62.1	-16.2%					
Antibiotics/dermatology	83.2			4.3%			
Specialties	86.8						16.0%
Equine	27.6			4.1%			
Specialized petfood	63.0						26.5%
Others	88.7			1.7%			
Companion animals	540.8				5.5%		
Bovine parasiticides	50.1					12.2%	
Bovine antibiotics	68.5				8.3%		
Other ruminants products	147.5					10.3%	
Pig/poultry antibiotics	34.0			0.7%			
Other pig/poultry products	30.6			2.2%			
Aquaculture	47.3		-4.9%				
Food producing animals	378.0				6.6%		
Other businesses	15.4	-10.9%					
Revenue	934.2				5.7%		

Companion animals

In 2020, this business line represented 57% of revenue, up 5.5% at constant exchange rates and scope compared with 2019.

The strongest increases come from specialized petfood ranges, specialties and parasiticides. On the other hand, sales in the vaccine range decreased by €13.4 million (€12.2 million at constant rates), particularly following the temporary shutdown of the global production site for cat and dog vaccines.

Food producing animals

In 2020, this business line represented 41% of revenue, up 6.6% at constant exchange rates and scope compared with 2019.

Growth is driven by the ruminant segment, which grew globally by 10.2% at constant exchange rates and scope, particularly thanks to the parasiticides, food supplements and antibiotics ranges. The industrial farming sector (swine and poultry) is relatively stable compared to 2019 (+1.4% at constant exchange rates and scope), with the growth of vaccines being mitigated by the stability of the other ranges. On the other hand, aquaculture showed a decline of -4.9% at constant exchange rates and scope, strongly impacted by the fall in vaccine sales over the year.

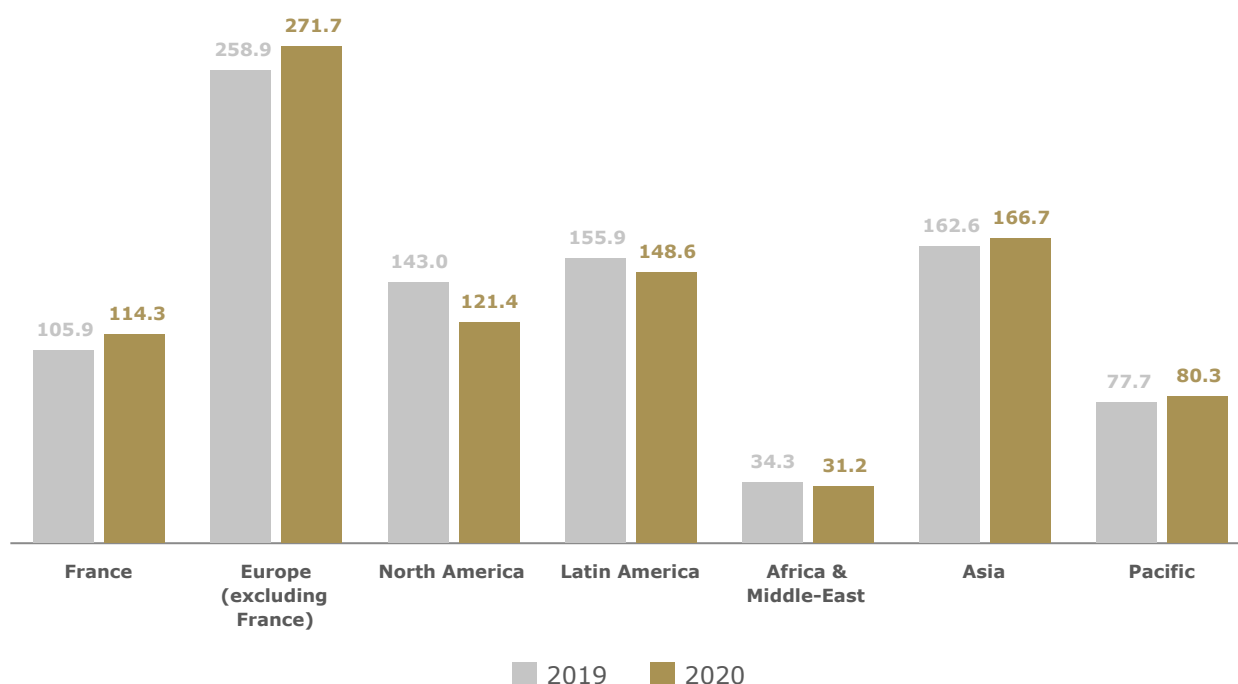
Other business lines

These business lines, which represent 2% of consolidated revenue in 2020, correspond to markets of lesser strategic importance for the Group, and which mainly include the molding produced for third parties in the United States, including the sales of Sentinel[®] Spectrum[®] to MSD Animal Health, and in Australia.

Performance by geographic regions

Overall, contributions at constant exchange rates are positive across all geographic areas, with the exception of North America, which is slightly down outside of Sentinel® (-0.8%), and despite the impact of the cat and dog vaccine shortages, which generated a drop in sales over the year. The Europe and Asia-Pacific zones are leading our annual growth, with activities up respectively by +5.9% at constant exchange rates (+5.8% at actual rates), and +6.9% at constant rates (+2.7% at actual rates). Nonetheless, one country was more affected by the health crisis (United Kingdom), whose decline in activity (-7.6% at constant rates) is largely offset by strong contributions from India, France, Benelux and China. Latin America grew by 7.1% at constant exchange rates (-4.7% at actual rates), buoyed by a high level of activity in Brazil, Mexico and Colombia over the period. Finally, North America posted a change of -14.3% (-15.1% at constant rates) in actual scope, mainly due to the sale of rights to the Sentinel® range. Excluding Sentinel®, the change at constant rates is -0.8%, due to the decrease in activity of the dental and antibiotic ranges, caused by restrictions related to Covid-19.

in € million



The major contributions by geographical area are as follows:

France

In 2020, activity in France increased by 7.9% compared to 2019, driven by growth in specialized petfood in the companion animal segment, as well as external parasiticides and specialties. The food producing animal segment is declining, particularly impacted by shortages over the year.

Europe (excluding France)

Business in Europe grew over the period by 5.0% at actual rates and 5.1% at constant rates. This growth was driven by good performances in the Benelux, Poland, Spain and in the export areas, offsetting the difficulties in the United Kingdom caused by Covid-19.

■ Benelux

The area grew by 14.5%, thanks to specialized petfood, specialties, food supplements and internal parasiticides. The food producing animal segment is also growing, thanks to parasiticides and antibiotics for cattle.

■ Poland

Once again this year, the country recorded sustained growth of 31.2% at constant rates, led by the success of Suramox in the food producing animal segment. The companion animal segment is also progressing, particularly with Milpro, internal parasiticides, specialties and specialized petfood.

■ Spain

The country achieved growth of 8.2% in 2020. The food producing animal segment showed double-digit growth, thanks to the success of the Bovigen Scour vaccine. The companion animal segment is also growing, thanks mainly to specialized petfood and anti-emetics with Vetemex, despite the decline in vaccine sales.

■ **Export area**

The export zone posted an increase of 15.7% over 2020, showing strong growth in Central and Eastern Europe. The food producing animal segment is mainly supported by parasiticides, and the companion animal segment by specialized petfood and internal parasiticides.

■ **United Kingdom**

The country recorded a drop in revenue of 7.6% at constant rates in 2020 (-8.2% at actual rates), with the companion animal segment particularly affected by the repercussions of Covid-19. The food producing animal segment is growing, thanks to food supplements with Multimin, and antibiotics.

North America

North America showed a -14.3% drop at constant rates (-15.1% at actual rates) primarily due to the sale of rights to the Sentinel[®] ranges in July 2020. Excluding Sentinel[®], growth at constant rates is -0.8%, primarily impacted by the decline in the dental and antibiotic ranges, particularly due to restrictions linked to Covid-19.

Latin America

In 2020, Latin America recorded a growth of 7.1% at constant exchange rates (-4.7% at actual rates), mainly driven by Mexico, Brazil and Colombia.

■ **Brazil**

Brazil recorded growth at constant rates of 10.2%. The ruminant segment is leading this growth, particularly vaccines, parasiticides and food supplements.

■ **Mexico**

Mexico posted growth of 9.2% at constant exchange rates, driven by the food producing animal segment, particularly the cattle parasiticides. The companion animal segment is also progressing, thanks to specialized petfood, Zoletil and Nutriplus Gel.

■ **Colombia**

The country grew by 16.6%. The two segments recorded double-digit growth in the financial year, with companion animals, thanks to internal parasiticides, dermatology and specialized petfood, and food producing animals, thanks to the growth of all ranges.

■ **Chile**

Business in Chile was relatively stable over the financial year (+0.3% at constant exchange rates), with the increase in antibiotic sales following the launch of Veterin 80% being partially offset by the decrease in vaccine sales.

Asia

In this region, revenue increased to 7.1% at constant rates, mainly due to the very good performances of India and China, and to a lesser extent, to the sustained activity of Thailand and Vietnam.

■ **India**

Despite a difficult start to the year, which was strongly impacted by the consequences of the health crisis, the country experienced a 6.7% growth at constant rates. The rapid reorganization of the distribution channel of our products in the second half of the year has led to a significant rebound in sales and market share.

■ **China**

In 2020, the country recorded growth of 17.3% at constant exchange rates, thanks among other things to online sales in the companion animal segment, led by Zoletil in the specialties range and Epiotic in the dermatology range. The food producing animal segment is also progressing, mainly thanks to Virbageset.

■ **Thailand**

Thailand had a very good year, rising by 17.7% at constant exchange rates. Two segments are growing well, that of food producing animals (thanks to industrial farming, including antibiotics) and vaccines (with Suigen PCV2). The companion animal segment is also growing, driven by Zoletil sales.

■ **Vietnam**

Vietnam posted growth of 18.6% at constant rates, driven by the food producing animal segment, including industrial farming with Virbageset and the Suigen PCV2 vaccine. The companion animal segment also showed a drop in revenue, particularly Zoletil and vaccines (related to supply disruptions at the Carros site).

Africa & Middle-East

The 4.5% growth at constant rates in this region is generated by South Africa, mainly thanks to the food producing animal segment, with the sheep and cattle parasiticides range, as well as antibiotics. The companion animal segment is also progressing, thanks to Milpro (internal parasiticide).

Pacific

The Pacific region ended the year with 6.6% growth at constant rates, a rebound after a difficult 2019 year for the two countries in this area.

■ Australia

Australia recorded a 4.4% increase, driven by the performance of the sheep range in food producing animals and by most companion animal ranges.

■ New Zealand

New Zealand posted a 14.8% growth over 2020, thanks to the performance of the intramammary range of food producing animals, but also thanks to better sales of nutritional products with Multimin, and products intended for sheep. The companion animal segment also experienced growth, driven by Evicto sales (parasiticide launched this year in the country).

2020 major launches

The major product launches and ranges in 2020 are:

- Senergy: this generic internal and external selamectin-based parasiticide for domestic dogs and cats was launched in 2020 in North America and Australia;
- Tramvetol: injectable solution for dogs to reduce post-operative mild pain;
- Stelfonta: product indicated for the treatment of non-resectable mastocytomas in dogs;
- Tulissin: antibiotic for cattle, swine and sheep, treating respiratory pathologies;
- Cydectin Platinum: parasiticide for cattle combining moxidectin and levamisole, made available to Australian farmers;
- Optomease: aquaculture product launched in Norway, based on benzocaine and with effects on stress;
- Suigen PCV2: in September, this vaccine against porcine circovirus developed over seven years by the Virbac teams with the genotype 2 of the virus, was made available to Vietnamese and Thai farmers. It also obtained a Marketing authorization (MA) in the Philippines and was incorporated by several porcine integrators in the region;
- Fosfosan: this multiminerall solution, intended for the prevention and treatment of deficiencies in cattle and swine, entered Colombia;
- Suprelorin: this implant inducing a reversible neutering in male dogs was launched in China and Mexico.

Analysis of the results

Changes in results

in € million	2020	%	2019	%	Variation
Revenue from ordinary activities	934.2	100.0	938.3	100.0	-0.4%
Margin on purchasing costs	617.6	66.1	623.5	66.5	-1.0%
Current operating expenses	448.4	48.0	463.0	49.3	-3.1%
Depreciations and provisions	40.2	4.3	38.1	4.1	5.6%
Current operating profit before depreciation of intangible assets arising from acquisitions	128.9	13.8	122.4	13.0	5.2%
Depreciations of intangible assets arising from acquisitions	8.4	0.9	15.0	1.6	-44.3%
Operating profit from ordinary activities	120.5	12.9	107.4	11.4	12.2%
Other non-current income and expenses	-65.2		9.4		-791.2%
Operating profit	185.7	19.9	98.0	10.4	89.5%
Financial income and expenses	10.4	1.1	20.3	2.2	-48.6%
Profit before tax	175.2	18.8	77.7	8.3	125.6%
Income tax	33.8		23.4		44.1%
<i>Including non-current tax expense</i>	<i>1.7</i>		<i>-0.5</i>		<i>-474.1%</i>
Share from companies' result accounted for by the equity method	-0.3		-0.2		62.9%
Net result from ordinary activities	78.3	8.4	63.4	6.8	23.5%
Result for the period	141.8	15.2	54.4	5.8	160.5%
Net result attributable to the non-controlling interests	4.3		2.9		49.8%
Net result attributable to the owners of the parent company	137.5	14.7	51.5	5.5	166.7%

Margin on purchasing costs

The margin on purchasing costs is down by 1.0% at actual rates. This decrease in margin is mainly related to the impact of the sale of Sentinel[®] from July.

Current operating expenses

Current net operating expenses amounted to €448.4 million in 2020, a decrease at actual rates of €14.6 million (-3.1%) compared to 2019.

This change is mainly related to a decrease in travel, seminar and advertising costs of €14.7 million, particularly following the restrictions imposed in the context of managing the Covid-19 health crisis, with main impacts in France, the United States and India. Personnel-related costs are also down by €2.3 million. In this context, recruitment was more progressive and the choice was to accelerate the digital transformation, thus leading to an increase in the capitalization of personnel costs. In addition, an insurance product of an amount of €3.6 million was recorded as compensation for the operating loss suffered during the temporary shutdown of the global vaccine production site in April 2020.

Current operating profit before depreciation of intangible assets arising from acquisitions

Operating profit from ordinary activities before depreciation of intangible assets arising from acquisitions increased by 5.2% compared with the previous year, rising from €122.4 million at the end of 2019 to €128.9 million on December 31, 2020. Operating profit from ordinary activities before depreciation of assets arising from acquisitions expressed as a percentage of revenue was 13.8% in 2020 at actual exchange rates, and 14.4% at constant exchange rates. This is an increase of 1.3 point at constant exchange rates compared to 2019, driven by the growth in revenue at constant rates and actual scope (3.2%), as well as a reduction in costs, particularly for travel, in the context of Covid-19.

Apart from the United States, which fell due to the sale of rights to the Sentinel[®] range, all areas contribute positively to our operating profit, including Europe with France, Benelux, Spain and Poland, India, New Zealand, Asia, India, Colombia, Uruguay, Chile, and Brazil. Exchange rates had a negative impact of €10.5 million on the operating profit from ordinary activities before depreciation of intangible assets arising from acquisitions.

Allowance for depreciations of intangible assets resulting from acquisitions

The decrease in this item is mainly related to Sentinel[®] assets that have ceased to be depreciated as soon as they have been reclassified as assets available for sale as of June 30, 2020, and then sold in early July 2020.

Other non-current income and expenses

Other non-current income and expenses represented a net profit of €65.2 million in 2020, compared to a net expense of €9.4 million in 2019. They consist of the proceeds from the sale of rights to the Sentinel[®] assets for €69.6 million, as well as the additional impairment of the Leishmaniosis vaccine CGU at the amount of €4.5 million, following the decision to stop the production of the vaccine during the first half year of 2020.

Financial income and expenses

Net financial expenses were €10.4 million, compared to €20.3 million in the previous financial year. The cost of net financial debt decreased from €15.7 million in 2019 to €8.7 million in 2020, due to the repayment of loans and lines of credit after receiving the proceeds from the sale of rights to the Sentinel[®] range. Debt repayment has resulted in the de-qualification of some interest rate derivatives. This de-qualification negatively impacted the profit by -€1.2 million. The effects of exchange rates, mainly from the Chilean peso, had a very slight negative impact on the 2020 financial result by -€0.4 million, compared to -€4.5 million in 2019.

Taxes for the financial year

The 2020 tax expense amounted to €33.8 million, compared to €23.4 million at the end of 2019, due to the profits achieved by our subsidiaries. Nonetheless, the tax expense for the financial year is strongly impacted by the use of losses carried forward by our U.S. subsidiary Virbac Corporation (in the amount of US \$19.2 million). It should be noted that these deferrable losses were depreciated in our accounts over the last few years, in application of IFRS standards, and therefore their recognition in 2020 is deducted from their use.

Corrected mainly for this impact, the Group's effective tax rate decreased from 28.27% in 2019 to 27.78% in 2020. The change in this rate is explained in consolidated accounts note A28.

Net result

The net profit - Group share amounted to €137.5 million in 2020, compared to €51.5 million in the previous year, *i.e.* an improvement of €86 million at actual rates, mainly explained by the divestment of Sentinel[®], as well as good operational performance in 2020.

The profit attributable to the non-controlling interests amounted to €4.3 million in 2020 compared with €2.9 million in 2019. This increase is explained by the stronger contribution by Chilean entities.

Bridge from net result to net result from ordinary activities

Since 2018, we use a new performance indicator: net result from ordinary activities, corresponding to the consolidated net profit, restated from other non-current income and expenses, as well as non-current taxes, which include the tax impact of "Other non-current income and expenses", as well as all non-recurring tax income and expenses. The reconciliation of the net profit with the current net profit for the period is shown below.

in € million	Net result IFRS 2020	Impairment of assets	Restructuring costs	Disposal of assets	Non-current tax expense	Net result from ordinary activities 2020
Revenue from ordinary activities	934.2					934.2
Current operating profit before depreciation of intangible assets arising from acquisitions	128.9					128.9
Depreciations of intangible assets arising from acquisitions	-8.4					-8.4
Operating profit from ordinary activities	120.5	—	—	—	—	120.5
Other non-current income and expenses	65.2	4.5		-69.6		-0.0
Operating profit	185.7	4.5	—	-69.6	—	120.5
Financial income and expenses	-10.4					-10.4
Profit before tax	175.2	4.5	—	-69.6	—	110.1
Income tax	-33.8	-1.4		3.1		-32.1
Share from companies' result accounted for by the equity method	0.3					0.3
Result for the period	141.8	3.0	—	-66.5	—	78.3

Analysis of the financial situation

Consolidated balance sheet

in € million	2020	2019
Net assets	535.3	859.7
Operating WCR	120.4	125.1
Invested capital	655.7	984.9
Equity attributable to the owners of the parent company	622.9	517.8
Non-controlling interests and provisions	96.2	98.7
Net debt	-63.4	368.4
Financing	655.7	984.9

Net assets

The elements making up this item and their variations are detailed hereafter.

■ Goodwill

This item amounted to €134.8 million at the end of 2020, compared to €312.9 million at the end of 2019. The change in this item is mainly related to the sale of the U.S. rights on the Sentinel[®] brands to MSD Animal Health.

■ Intangible assets

This item amounted to €147.6 million at the end of 2020, compared to €272.1 million at the end of 2019. The €124.5 million decrease can be mainly explained by the sale of rights to the Sentinel[®] brands for €109.9 million. The investments accounted for a total amount of €10.5 million, mainly relate to IT projects at Virbac (parent company) and in the United States, and are offset by depreciation and impairments, which amount to €15.7 million. This includes an impairment recorded at the amount of €1.5 million on indefinite assets, relating to a patent of the Leishmaniosis vaccine CGU, following the decision to end the production of this vaccine

■ Tangible assets

This item amounted to €205.8 million at the end of 2020, compared to €224.8 million at the end of 2019. This decrease is mainly due to the mechanical effect of depreciation (-€23.9 million) and impairments (-€7.6 million, of which -€5.4 million are for assets intended for the manufacture of Sentinel[®] Flavor Tabs[®], located at our former CMO (Contract manufacturing organization) and -€2.7 million for industrial equipment for the Leishmaniosis vaccine CGU (completely depreciated during the fiscal year), but also an exchange rate effect of €-8.7 million.

We also made investments of €23.2 million to strengthen our IT infrastructure, as part of our new IT projects, but also to renew industrial facilities in France and the United States and develop new R&D laboratories in Taiwan and Vietnam. The disposals and scrapping, with a net asset value of €1.9 million, mainly relate to the scrapping of obsolete industrial equipment in France and the United States.

■ Right of use

This item, which corresponds to the activation of lease contracts according to the IFRS 16 standard, amounted to €33.5 million at the end of 2020, compared to €34.0 million at the end of 2019.

■ Other financial assets and shares in companies accounted for by the equity method

This item amounted to €13.6 million at the end of 2020, compared to €15.9 million at the end of 2019. This mainly includes loans granted and other fixed receivables (€2.5 million), foreign exchange and interest rate derivatives (€7.4 million) and investments accounted for by the equity method (€3.2 million). The decrease in this item is explained by putting factoring programs in Australia and the United States on standby, which generated a decrease in the associated security deposits (-€4.9 million), partially offset by the revaluation of the cross currency swap in CLP (€1.6 million), caused by the impairment of this currency.

Elements of WCR (Working capital requirements)

The elements comprising this item and their variations are described below.

■ Inventories and work in progress

This item amounted to €211.0 million at the end of 2020, compared to €206.6 million at the end of 2019. Excluding exchange rate effects and the impact of the sale of Sentinel[®], net inventories increased by €22.1 million, mainly due to the increase in activity in the last quarter, the build-up of inventories for the launch of new products in 2021, and back-up inventories, particularly in production sites such as in France, Chile, and the United States, some related to the consequences of the Covid-19 pandemic.

■ Trade receivables

This item amounted to €101.7 million at the end of 2020, compared to €99.4 million at the end of 2019. The increase in trade receivables of €2.3 million is due in part to the decrease in deconsolidated receivables following the suspension of the factoring program in Australia and the United States. This increase is offset by a reduction in receivables in India and Chile, with a year-end focus on cash receipts.

It should be noted that receivables deconsolidated as sold under factoring contracts amounted to €19.5 million as of December 31, 2020 (compared with €42.3 million as of December 31, 2019). This variation follows the standby of the factoring program in Australia and the United States, as well as the decrease in revenue in the United Kingdom.

■ Trade payables

This item amounted to €105.3 million at the end of 2020, compared to €95.8 million at the end of 2019. The increase in this item is particularly large in France, due to delayed projects that led to strong activity in the last quarter of 2020.

■ Other elements of WCR

On December 31, 2020, this item represented a net liability of €100.9 million, compared to €98.1 million on December 31, 2019. The increase in this liability is mainly related to the year-end discounts granted to customers (+€7.8 million compared to the previous year).

Net debt

The calculation of the net debt is presented hereafter:

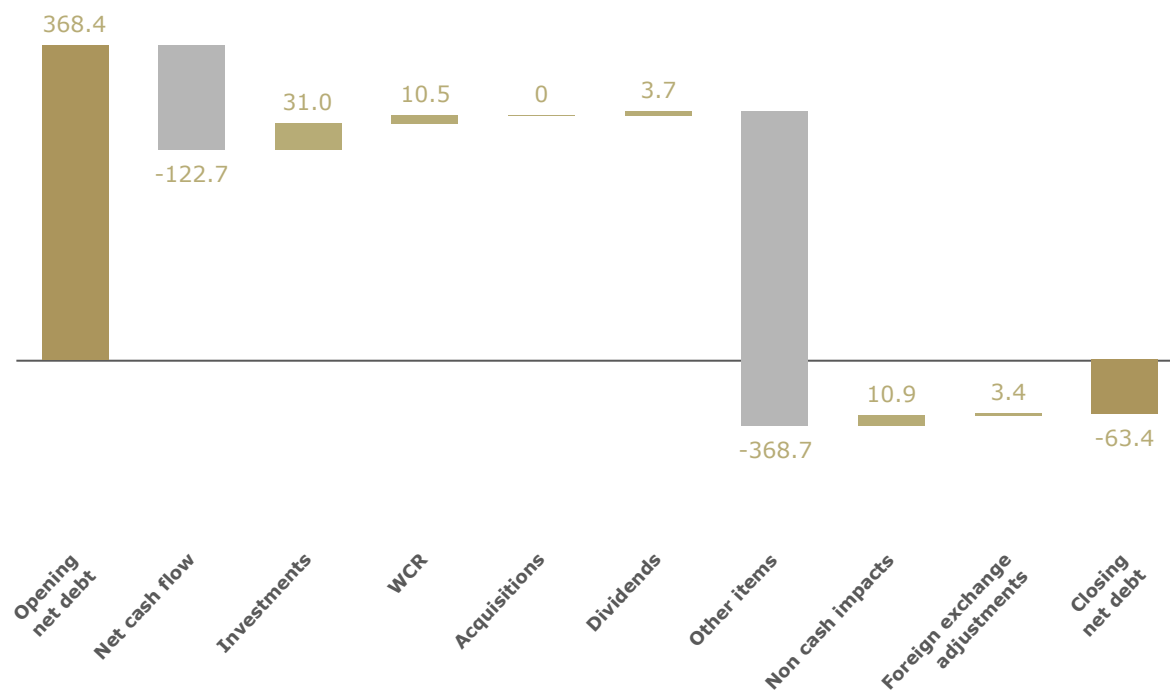
in € million	2020	2019
Loans	78.3	410.8
Bank overdrafts	2.3	13.8
Lease liabilities	34.8	34.7
Exchange rate and interest rate derivatives	2.2	2.2
Other elements of financial debt	0.8	0.7
Treasury and treasury equivalents	-181.9	-93.7
Net debt	-63.4	368.5
Equity attributable to the owners of the parent company	622.9	517.8
Net debt ratio	-10.2%	71.2%

Changes in net debt are presented in the graph of the "Financing" section, hereafter.

Financing

Changes in net debt

in € million

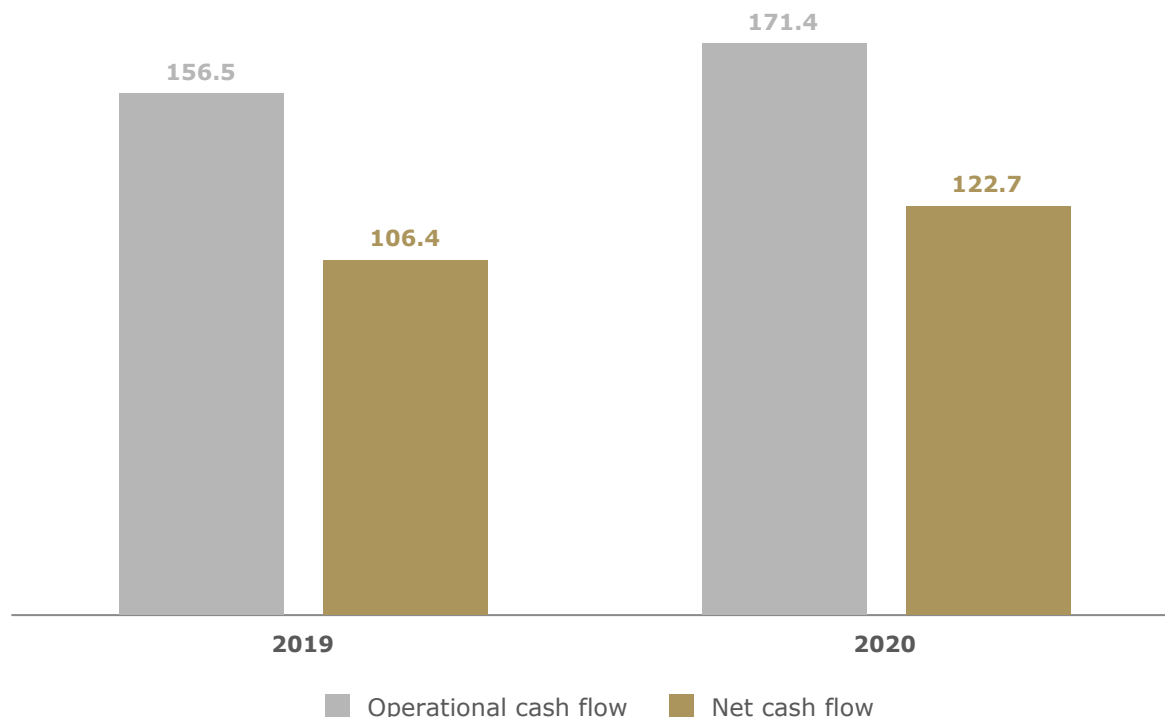


The decrease in net debt in 2020 was made possible by the proceeds from the sale of Sentinel[®], enabling us to repay our bank financing.

The effect of foreign exchange on net debt was unfavorable. At constant exchange rates, the net debt amount as of December 31, 2020 would amount to -€66.8 million.

Changes in cash flow

in € million



The sale of Sentinel® for US \$410 million has enabled us to repay our US \$ drawdowns and our net cash position became positive.

After having repaid our US \$90 million financing contract to the European investment bank (EIB) in advance, we still have the following financing to cover our working capital needs, any external growth operations and various projects:

- a syndicated loan of €420 million, drawn in euros and US dollars, contracted with a pool of banks and repayable in full on the initial maturity in April 2020, extended to April 9, 2022;
- market-based contracts (*Schuldschein*) in euros and in dollars for a total of €21.5 million, composed of three installments, with maturities April 2022 and April 2025, at a fixed rate;
- financing contracts with Bpifrance, for €22.1 million, depreciable and maturing in November 2023 and September 2024.

As of December 31, 2020, the funding position is as follows:

- the syndicated loan was drawn for US \$20 million;
- market-based contracts amounted to €15 million and \$8 million;
- the Bpifrance financing amounted to €22.1 million.

These funding instruments include a financial covenant compliance clause that requires us to adhere to the following financial ratios based on the consolidated accounts and reflecting consolidated net debt¹ for the period in question on the consolidated Ebitda² for the same test period.

It should be noted that since January 1, 2019, we have been applying the IFRS 16 standard, relating to the accounting treatment of lease contracts, which impacts the income statement accounting items used to determine the Ebitda and the liability items on the balance sheet. The calculation of the financial covenant is performed by integrating the impacts of this new standard.

As at December 31, 2020, we are in compliance with the financial ratio covenants, which is -0.29, thus placing it below the contractual financial covenant limit of 3.75.

¹ For the purpose of calculating the covenant, Consolidated net debt refers to the sum of other current and non-current financial liabilities, namely the following items: loans, bank loans, accrued interest liabilities, liabilities related to finance leases, profit sharing, interest rate and foreign exchange derivatives, and others; minus the amount of the following items: cash and cash equivalents, term deposits, and foreign exchange and interest rate assets derivatives as shown in the consolidated accounts.

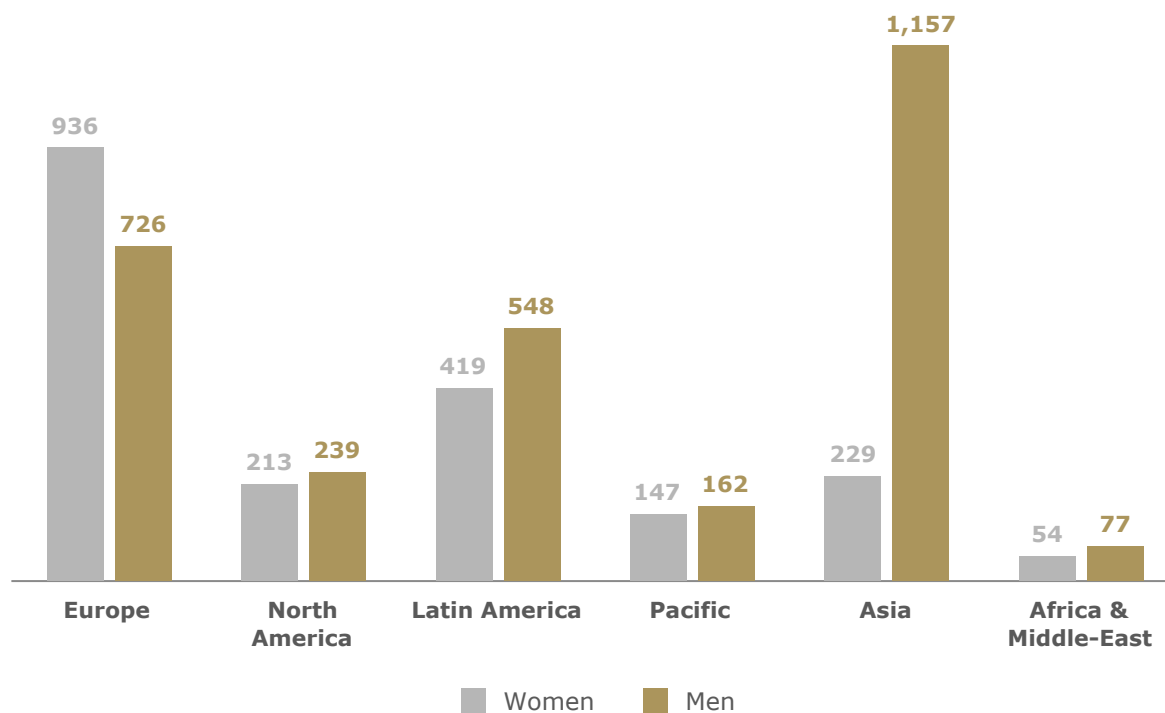
² The consolidated Ebitda refers to operating profit for the period under review, plus the allowances for depreciation and provisions net of reversals and dividends received from non-consolidated subsidiaries.

Group workforce

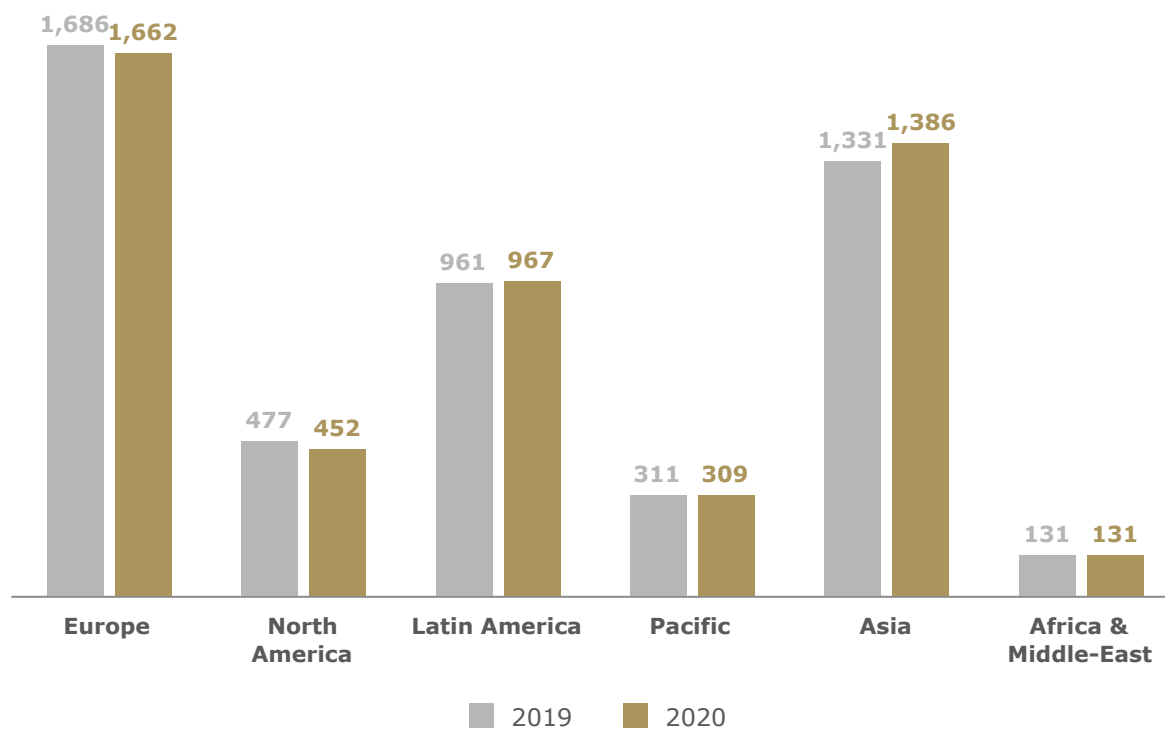
As of the end of December 2020, Virbac had 4,907 employees in 38 countries: 1,998 women (40.7%) and 2,909 men (59.3%).

33.9% of our workforce are in Europe, of which 1,309 are in France, that being 26.7%.

The workforce as of December 31, 2020 increased by 0.2% compared with the one as of December 31, 2019.



Changes in Group employee numbers by region



Changes to employee numbers by function

	2020		2019	
Production	1,679	34.2%	1,749	35.7%
Administration	665	13.6%	561	11.5%
Commercial & marketing	2,080	42.4%	2,042	41.7%
Research & development	483	9.8%	545	11.1%
Total	4,907	100.0%	4,897	100.0%

As part of the implementation of our new HR information system, we reviewed the reporting of certain employees, which resulted in changes in scope between 2019 and 2020, in particular from production and research and development functions to administrative and business functions.

ANALYSIS OF THE ACCOUNTS OF THE PARENT COMPANY

Statutory accounts

As of December 31, 2020, revenue for Virbac's parent company amounted to €293.6 million compared with €276.1 million in 2019, showing an increase of €17.5 million (6.3%).

The share of the revenue achieved by Virbac with the Group's subsidiaries accounted for 91.2% of its total sales. The remaining 8.8% involved direct sales by Virbac in countries where the company does not have a subsidiary.

In 2020, the companion animal segment grew, particularly thanks to the range of specialties with Suprelorin, and the dental range with Veggident Fr3sh. The food producing animal segment also grew, thanks to the swine and poultry segment, as well as ruminant vaccines, with Bovigen Scour.

As of December 31, 2020, the financial result was up €103.3 million (+247.5%) compared with 2019. This change is due to the €110.5 million increase in dividends received. We also noted a €5 million decrease in interest expenses on loans and lines of credit. This is linked to the sharp decrease in our gross debt and the repayment of our bank financing, made possible by receiving the proceeds from the sale of Sentinel[®] by our American subsidiary and passed on to Virbac through the repayment of the Group loan, reducing revenue from receivables by €6 million.

This year, a net expense of €5 million was also recorded in the profit statement concerning the provisions for impairment of equity interests, which was mainly related to the production stoppage of our leishmaniosis vaccine.

The company posted a net non-recurring loss of €3.5 million in 2020, reducing by €2.6 million compared with the 2019 fiscal year.

We noted a reduction in allowances related to regulated provisions generating net proceeds of €2.8 million, compared to 2019. Impairment of intangible assets were recorded over the financial year for a total net amount of €4.2 million following the discontinuation of our leishmaniosis vaccine. An increase of €0.9 million in the allowance for provisions for end-of-career compensation was also noted during the fiscal year.

Table of net result over the previous five fiscal years (Virbac parent company)

in €	2016	2017	2018	2019	2020
Financial position at year end					
Share capital	10,572,500	10,572,500	10,572,500	10,572,500	10,572,500
Number of existing shares	8,458,000	8,458,000	8,458,000	8,458,000	8,458,000
Overall results from operations					
Revenue excluding taxes	256,691,480	264,200,946	266,519,766	276,148,677	293,640,198
Earnings before tax, employee profit sharing, depreciations and provisions	61,235,284	44,522,664	53,987,017	56,521,273	170,788,570
Income tax payable	-7,932,626	-9,688,591	-8,872,185	-7,731,676	-5,708,101
Employee profit sharing	—	—	—	—	—
Allowances for depreciations and provisions	21,490,116	19,676,178	26,662,243	19,196,160	25,373,801
Earnings after tax, employee profit sharing, depreciations and provisions	47,677,793	34,535,077	36,196,959	45,056,789	151,122,870
Earnings distributed	—	—	—	—	—
Result from operations per share					
Earnings after tax, employee profit sharing, before depreciations and provisions	8.18	6.41	7.43	7.60	20.19
Earnings after tax, employee profit sharing, depreciations and provisions	5.64	4.08	4.28	5.33	17.87
Dividend per share	—	—	—	—	—
Personnel					
Average number of employees	1,178	1,170	1,138	1,114	1,106
Total payroll	57,130,754	58,060,578	58,794,511	59,941,993	59,029,640
Total benefits paid (social security, other employee benefits, etc.)	27,095,012	27,353,031	27,583,283	28,818,016	29,132,678

There was no dividend paid for the last four years.

Non-deductible expenses

Non tax-deductible expenses, in the sense of article 39-4 of the French general tax code, consisting of vehicle rentals, amounted to €411,005 for the 2020 financial year.

Share buyback program

The June 22, 2020 ordinary shareholders' meeting authorized the Virbac parent company to buy back its treasury shares in accordance with article L225-209 of the French commercial code.

On December 31, 2020, Virbac held a total of 21,304 treasury shares, acquired on the market for a total of €3,294,030 excluding fees, for an average price of €154.62 per share.

During the financial year, the company bought 81,194 treasury shares (at an average price of €194.82) and sold 80,929 treasury shares (at an average price of €197.23) as part of a market-making contract.

The 2016 performance plan expired during the financial year and 50% of the plan was allocated to the employees concerned, taking into account the previously established performance criteria. This year, a new performance plan was created taking into account the share price as of December 31, 2020 (see note B10 of the statutory accounts).

Payment periods

According to articles L441-6-1 and D441-4 of the French commercial code, the information on payment periods of suppliers and customers of the Virbac parent company is shown below.

Supplier payment terms

■ As at December 31, 2020

Article D. 4411.-1 : received invoices not paid at the closing date of the period, for which the maturity date has expired						
in €	0 day (as indication)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
[A] Portion in delay of payment						
Number of related invoices	3,688					696
Amount excluding tax of related invoices	17,250,144	988,049	358,884	113,517	404,559	1,865,009
Percentage of total purchases (excluding tax) for the period	5.4%	0.3%	0.1%	0.0%	0.1%	0.6%
[B] Excluded invoices from [A] linked to contentious or non booked receivables						
Number of excluded invoices	119					
Total amount of excluded invoices	319,429					
[C] Used reference payment terms						
Payment terms used for the calculation of payment delays	Contractual terms : terms granted to the suppliers (agreements/invoices) Legal terms : -					

■ As at December 31, 2019

Article D. 4411.-1 : received invoices not paid at the closing date of the period, for which the maturity date has expired						
in €	0 day (as indication)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
[A] Portion in delay of payment						
Number of related invoices	3,203					461
Amount excluding tax of related invoices	16,709,084	329,114	255,061	69,206	125,025	778,406
Percentage of total purchases (excluding tax) for the period	7.2%	0.1%	0.1%	0.0%	0.1%	0.3%
[B] Excluded invoices from [A] linked to contentious or non booked receivables						
Number of excluded invoices	132					
Total amount of excluded invoices	301,798					
[C] Used reference payment terms						
Payment terms used for the calculation of payment delays	Contractual terms : terms granted to the suppliers (agreements/invoices) Legal terms : -					

Customer payment terms**■ As at December 31, 2020**

Article D. 4411.-2 : issued invoices not paid at the closing date of the period, for which the maturity date has expired						
in €	0 day (as indication)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
[A] Portion in delay of payment						
Number of related invoices	1,105					173
Amount excluding tax of related invoices	58,737,030	1,153,507	278,784	489,509	3,585,298	5,507,098
Percentage of total purchases (excluding tax) for the period	19.4%	0.4%	0.1%	0.2%	1.2%	1.8%
[B] Excluded invoices from [A] linked to contentious or non booked receivables						
Number of excluded invoices	20					
Total amount of excluded invoices	342,576					
[C] Used reference payment terms						
Payment terms used for the calculation of payment delays	Contractual terms : terms granted to the customers (agreements/invoices) Legal terms : -					

■ As at December 31, 2019

Article D. 4411.-2 : issued invoices not paid at the closing date of the period, for which the maturity date has expired						
in €	0 day (as indication)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
[A] Portion in delay of payment						
Number of related invoices	915					189
Amount excluding tax of related invoices	47,526,484	903,944	768,243	512,791	5,893,487	8,078,465
Percentage of total purchases (excluding tax) for the period	16.2%	0.3%	0.3%	0.2%	2.0%	2.8%
[B] Excluded invoices from [A] linked to contentious or non booked receivables						
Number of excluded invoices	10					
Total amount of excluded invoices	183,905					
[C] Used reference payment terms						
Payment terms used for the calculation of payment delays	Contractual terms : terms granted to the customers (agreements/invoices) Legal terms : -					

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

In accordance with Order n°2017-1162 of July 12, 2017, as well as Decree n°2017-1174 of July 18, 2017 on various measures to simplify and clarify the obligations of information for which companies are responsible, our description of internal control and risk management systems are now included in the management report. This report has been drawn up based on contributions from several departments, in particular our Financial Affairs, Legal and Human Resources departments as well as the Group Risk Management department, and has been reviewed by our general management, which has confirmed the validity of its content. We then subsequently communicated the entire report to the statutory auditors and to the audit committee for review before final approval by our board of directors.

This report was approved by the board of directors at its meeting on March 16, 2021.

Definition and aims of internal control and risk management

Framework

We have drawn on the reference framework and its application guide, first published in January 2007 and updated on July 22, 2010 by the *AMF* (French financial markets authority), in order to define its internal control and risk management framework so as to structure its approach. In accordance with a recommendation from *AMF* report 2010-15 dated December 7, 2010, we decided to present the different information requested pursuant to the plan specified in the reference framework.

Scope

The scope of the internal control and risk management systems includes the parent company and the companies included in the Group's consolidated accounts.

The list of our subsidiaries is given in note A40 of the consolidated accounts.

Objectives and principles of the internal control and risk management system

Our risk management system sets out to identify, prioritize, process and manage the Group's key risk exposures.

In this capacity, the risk management system assists in:

- creating and preserving our Group's value, assets and reputation;
- providing a secure basis for decision-making in support of our strategic, operational and financial objectives;
- deploying a culture of risk in our organization by engaging all stakeholders.

Internal control sets out to ensure that:

- our economic and financial objectives are achieved in compliance with applicable laws and regulations;
- the orientations determined by our executive board are implemented;
- our capital is enhanced and our assets are protected;
- the integration of acquired companies is carried out in accordance with our Group rules;
- and that our financial and accounting information depicts a true and fair view.

The internal control and overall risk management system must promote and secure our Group's industrial and economic development by helping to prevent and control the risks to which it is exposed, all within an environment of control which is suited to its business areas and their respective issues.

In line with the fixed objectives, our internal control and risk management system of the Virbac group is based on the following structuring elements:

- appropriate and sustainable organization;
- internal distribution of reliable and targeted information;
- implementation of this system;
- suitable control activities that help to prepare and process accounting and financial information;
- continuous management and formalization of the areas of improvement.

Limits

An internal control system can only provide reasonable assurance and never an absolute one as regards overall risk control and limitation of obstacles to achieving our objectives. The probability of actually achieving these objectives is subject to the limits inherent in any internal control system, whether potential failings in the decision-making process are concerned, or the need for reviewing the cost/profit ratio before implementing controls, or the malfunctions that may occur on account of a failure or human error.

An appropriate and sustainable governance

System components

The control environment which is essential for the internal control system, for good risk management and for the application of procedures, is based on a specific organization of behavioral and human aspects.

Organization

Our internal control organization is based first of all on key factors that are anchored deep within our company's culture and which have formed the basis of its success, such as taking the initiative, placing trust in our Group's workers and providing them with a sense of responsibility. Our operational organization of internal control is

structured around three levels: Group, areas and subsidiaries. Each level is directly involved and is given responsibility for designing and implementing the control in accordance with the level of centralization desired by our executive board. At each of these three levels, our internal control is broken down into specific organizational procedures, delegation of responsibilities, raising awareness and training of staff which are consistent with our Group's general framework. It requires heavy involvement on the part of each operational or functional manager by expecting them to adopt the policies and procedures defined at our Group level, play a role in implementing and complying with them and finalize them via measures that are adapted to the special nature of the business activities or the areas under their responsibility.

The control system implemented within our Group is also based on a stronger governance structure, which guarantees that decisions are transparent and traceable, while still preserving the principles of subsidiarity and decentralization that are viewed as essential and necessary for optimum management of industrial and commercial activities in the Group.

Delegations of powers

Our subsidiaries are almost all directly or indirectly wholly owned by the Virbac group. Special attention is paid to the composition of the boards of directors of our subsidiaries. Each appointment or change of a director must be validated by the members of our executive board.

For companies which are not wholly owned, the rules of governance are defined and governed by shareholders' agreements.

Code of conduct

Since June 2015, our core commitments in the industries in which we operate have been incorporated into our code of conduct. This document replaces the code of ethics adopted in 2004. More comprehensive and more responsive to the priorities of our Group, this document, written in sixteen languages and available on our Intranet, is distributed to all our employees. Our code of conduct includes our fundamental principles regarding business conduct, safeguarding assets, and our corporate approach to privacy and social responsibility. This document formalizes the ethical values and operating principles of our company. In publishing our code of conduct, we undertake to adhere and ensure adherence by our partners and suppliers to the regulations and standards that apply to our activities, as well as in the areas of finance, competition and in the social sphere.

Reference documents

We have provided employees with other reference documents describing practical rules applicable to specific areas covered by our code of conduct. These documents are available on our Intranet and are listed below.

■ Supplier charter

Our supplier charter aims to define the rules governing our relationships with our suppliers, as well as the guiding principles that we expect to see applied by our suppliers in the conduct of their business.

■ Group anti-bribery policy

Our anti-bribery policy describes the appropriate governing relations between us and our third parties, either in the public or private sector. It specifies, among other things, the conditions under which it is possible to offer or accept gifts and invitations. In 2016, we implemented a new Group anti-bribery policy. All of our general managers, the members of the France committee, as well as our members of the executive board, signed a commitment to comply and ensure compliance with this policy.

■ Market abuse prevention policy

With the entry into force on July 3, 2016 of European regulation 596/2014 of April 16, 2014 on market abuse, of act 2016-819 of June 21, 2016 on reforming the sanctions system for dealing with market abuse and of act 2016-1691 of December 9, 2016 on transparency, the fight against corruption and modernizing the economy, we implemented a market abuse prevention policy (thereby replacing our stock market charter of ethics). One of the aims of our policy is to increase employees' awareness of the notion of insider information and sensitive information, the obligations of employees who have access to insider or unreleased sensitive information (blackout period), sanctions incurred for breaches of confidentiality related to the holding of this type of information.

■ Group ethics charter

In keeping with regulations and the focus of providing safe and effective products, we, like any pharmaceutical company, must resort to animal testing in very specific cases: when they are necessary and if, at this stage, there is no other alternative method available that has been approved by the authorities. However, we will give preference to all alternative methods available and actively encourage any initiatives to replace, reduce, or improve animal testing. To ensure implementation of these founding principles, we have developed an ethical charter that applies to all of our employees and our external partners.

■ Group social networking principles

This document describes rules throughout our company governing social networking for personal use.

Procedures and standards governing activities

Our functional departments have defined Group policies for all processes supplying the financial statements, in particular sales, purchases and stock and property management. They lay down Group policies which define the organization, responsibilities and particular operating and reporting principles in the respective area of expertise under their responsibility. These policies are then broken down into specific procedures for monitoring, rule validation, authorization and accounting.

For example, we have implemented the following policies:

- a purchasing policy which determines our rules, our aims and best practices related to purchasing and ethics;
- a policy for securing payment methods which defines the methods that must be implemented in order to limit the risks of fraud;
- a policy for protecting individuals aimed at providing the same level of protection to all our employees, whether they are expatriates, local or on special assignments;
- a safety and environmental policy which lays down the rules of conduct for a permanent reduction in the risks inherent in any industrial activity;
- an investment policy, which is validated by our executive board when the strategic plans and then the budgets are drawn up. Any major investment foreseen in these budgets is still subject to a further validation by our Global Industrial Operations department or by our executive board. Any change that may occur during the financial year relating to projects that have been budgeted is subject to special prior authorization.

In parallel with this body of procedures in general internal by-laws, we comply with the different frames of reference that apply within the pharmaceutical industry. These texts outline the management operations for each stage, whether at the research and development method level or at the level of drug and vaccine manufacturing standards, packaging, distribution, sales and marketing or promotion.

Human resources management policy

Human resources management plays a part in our internal control system and allows us to ensure that our employees have a suitable skills level in relation to the roles and responsibilities entrusted to them, and that they are aware of their responsibilities and their limits, in addition to being aware of and complying with our Group rules.

■ Recruitment and development policy

We recruit in all countries and for all jobs in order to support our growth. Our Human Resources department defines standards and verifies practices in order to ensure the consistency and relevance of the recruitment process.

In parallel, we have implemented an employee performance and development management process known as Perf (covering performance, evaluation, compensation and training). This process comprises of several different parts, which include setting individual objectives and annual achievements assessed by line managers.

Within the annual performance committee, our executive board shares the assessments, remuneration and professional development possibilities of the 60 key individuals in the Group, as well as the potential top performers identified through the Perf process.

■ Remuneration policy

We carry out an annual salary review, particularly concerning base salaries and individual and collective bonuses. The salary review is carried out in accordance with an overall policy aimed at strengthening the competitiveness, consistency and development of our employees within the Group. The bonus practices applicable in the Group are otherwise consistent and are based mainly on comparable criteria in terms of value and type.

Main players

As stated in the "Major events from the year", on December 15, 2020, our governance changed from an organization with an executive board and a supervisory board to an organization with general management (relying on a Group executive committee) and a board of directors. Below is a presentation of the means of governance applied throughout most of 2020. The new governance is detailed in the Corporate Governance Report, pages 99 to 109.

Supervisory board and its special committees

Our supervisory board carries out ongoing monitoring over the Group management led by the executive board. Within this framework, it is informed in particular by our executive board about the internal control systems set up in the Group. The board has set up two special committees to help in its task: the compensation committee and the audit committee.

The role of our compensation committee is to establish and review the overall remuneration policy for members of our executive board, taking the Afep-Medef Code recommendations into consideration.

To comply with the latest recommendations of this Code, details of the individual remuneration of members of our executive board are given in the report on corporate governance on pages 120 to 131, in the form of summary tables and remuneration tables based on the presentation indicated in the Code.

Moreover, in accordance with the new measures specified in the Afep-Medef Code, shareholders are consulted each year on aspects of executive board remuneration due or assigned for the fiscal year ended.

The audit committee is responsible for:

- ensuring monitoring of the financial reporting process and, if applicable, makes recommendations for guaranteeing its integrity;
- ensuring the existence and efficiency of internal control and risk management as well as, if applicable, internal audit systems in respect of the procedures for the reporting and processing of accounting and financial information, without its independence being undermined;
- making a recommendation about the statutory auditors put forward for appointment by the shareholders' meeting. This recommendation to our supervisory board is developed in accordance with the provisions of article 16 of (EU) regulation 537/2014. It also makes a recommendation to this body when renewal of the terms of office for the statutory auditors is being considered in accordance with the conditions set forth in article L823-3-1;
- monitoring the performance by our statutory auditors of their duties. It takes into account the findings and conclusions of the Audit office control board (H3C) following audits;

- ensuring compliance by our statutory auditors with the independence requirements defined in Book VII, Part II, Chapter II, section 2 of the French commercial code. Where appropriate, it takes the action needed to enforce paragraph 3 of article 4 of the aforementioned (EU) regulation 537/2014 and ensures compliance with the requirements referred to in article 6 of the same regulation;
- approval for the provision by our statutory auditors of non-prohibited services other than certifying financial accounts;
- reporting on the performance of their duties to our supervisory board. It also reports on results of the certification assignment conducted on the financial statements, on how this assignment contributed to the integrity of the financial information and on the role it plays in this process. It provides prompt notification of any problems encountered.

Executive board

Our executive board has operational and functional responsibility in all Group activities for implementing the strategy that has been previously discussed in the strategic committee and approved by our supervisory board. In particular, it is responsible for the effective implementation of internal control and risk management systems within our Group. In this capacity, the executive board is directly involved in the Group's risk map updating (identification and prioritization) phases. Furthermore, the results of each mapping conducted within our subsidiaries are reported to the executive board. Responsibilities are distributed among its members as described below.

Our chairman of the executive board is responsible for supervising and coordinating the activities of all executive board members. He performs all the legal functions of a company head and takes responsibility accordingly. He represents the company and acts on its behalf in all circumstances and particularly before the courts. In the company's internal organization, he supervises the global sales and marketing operations, human resources, communications, the HSE function and the board office.

Our general manager holds the position of qualified person for Virbac in line with articles L5142-1 *et seq* of the French public health Code. In the company's internal organization, he supervises innovation, industrial and quality assurance, business development, corporate sourcing, public affairs and the CreA function.

The director of Financial Affairs is responsible for the Group's financial policy and supervises the finance, legal, IT systems and risk management functions.

The mission of the Virbac Corporate Foundation, chaired by Xavier Yon, is first of all to raise awareness, educate and inform the public about respect for and responsibility towards animals; and secondly, to support programs that place animal health at the center of a healthy ecosystem by protecting and promoting healthcare for pets or wild animals in their natural habitat, implementing educational or awareness-raising campaigns among local communities and rolling out animal health initiatives that protect the environment and human health. The foundation fulfills its objectives by developing initiatives and partnerships with health professionals, veterinary practices, regional and local authorities and French and international institutions.

Strategic committee

Our strategic committee is chaired by the chairman of the executive board and comprises the following departments, represented as follows:

- Global Business Operations department;
- area directors: Europe, North America, Latin America, the Apisa area (Asia-Pacific-India-South Africa), and the director of the Aquaculture division;
- Corporate Financial Affairs department;
- Corporate Development department;
- Corporate Human Resources;
- Global Industrial and Corporate Quality Assurance department;
- Corporate Product Innovation;
- Group Legal department;
- Corporate Sourcing;
- Corporate Business Development department;
- Group Information Systems department;
- Corporate Communications department;
- Global Marketing and Business Optimization department.

Our strategic committee helps draw up and implement the Group's major strategic decisions that are presented and approved by our supervisory board: strategy by business, job and major project. In this capacity, the members of the strategic committee are actively involved in providing the Group with major risk map updates on a regular basis.

France committee

Our France committee is chaired by the chairman of the executive board and comprises the following departments:

- Global Business Operations department;
- Corporate Financial Affairs department;
- Corporate Human Resources;
- French Industrial Operations department;
- Global Industrial Operations & Corporate Quality Assurance department;
- Corporate Communications department;
- Group Information Systems department;
- Virbac France;
- Group Pharmaceutical R&D department;
- Group Biology R&D department;
- Corporate Sourcing;
- Group Legal department;
- Creations and Regulatory Affairs department.

Our France committee is primarily responsible for decision-making, coordination and reporting on all issues affecting our French companies and represents a platform from which to disseminate information to the various departments.

Operational departments

In accordance with the operational decentralization principles within our Group, the managers of each business activity have the necessary powers for organizing, directing, managing and delegating the operations for which they are responsible.

Each activity favors the organization which is best suited to its markets, taking into account its specific sales, industrial and geographic features. The managers are responsible for adopting internal control systems consistent with their organizations as well as our Group principles and rules. For example, for our subsidiaries whose risk management system has been deployed, each director is in charge of monitoring its subsidiary's risks. The same goes for each regional director with the various mappings being conducted in the area.

Functional departments

Our central functional departments (Finance, Legal, Human Resources, Product Innovation, Communications, Information Systems, Sourcing, and Health, Safety and Environment) have a dual task: organization and control of Group operations falling within their respective skills area and technical assistance with operational activities in these areas where required. As for the risk management system, our operational departments are in charge of coordinating all actions related to Group-wide risk identification.

The presence of the central functions and their organization play a significant role in Group internal control systems. The managers of these functions exercise, in particular, functional authority over all managers who carry out tasks falling within their skills area in the operational activities.

Risk Management department

Since its creation at the end of 2009, our Risk Management department has become a full participant in the Group risk management and internal control system. Reporting directly to the chief financial officer (member of the executive board) with a dotted line (functional reporting) to the executive board, the Risk Management director is responsible for defining and implementing risk management systems. He coordinates risk analysis, makes a contribution across the organization and contributes in sharing best practices between Group entities and departments, thereby helping to develop a risk management culture across the Group. His roles and responsibilities are shown in detail on page 73 of this report.

Internal distribution of reliable and targeted information

Information and communication are connected with the information flows which support the internal control procedures, from the orientations expressed by our management through to action plans. They contribute to the control environment being implemented, as well as to the distribution of an internal control culture and the promotion of relevant control activities that play a part in risk control.

There are different aims:

- informing all our employees and making them aware of the implementation of best practices;
- sharing experiences so as to promote the use of these best practices, including internal control and risk management systems.

Special communication tools that we deploy encourage the achievement of these aims. Tools such as the Intranet allow our Group policies and procedures to be distributed. We also strive to provide each of its newly recruited managers with a view over our entire Group and its organization, main business areas and strategy. Induction sessions for new recruits, which we either organize at the head office or locally, are part of this effort. Finally, in addition to the training sessions organized by the operational divisions, our seminars allow employees to improve certain professional skills (finance, marketing, human resources, project management, etc.) and encourage an exchange of best practices.

The information and the communication channels also rely on our information systems. Our Group Information Systems department is responsible for all Group information systems. It is made up of departments that are the direct responsibility of the Group Information Systems department and of decentralized departments within the operational divisions. The role of these Group departments is to define information system policies, to coordinate the processes for managing the information systems function and to manage global IT infrastructure and services in line with Group priorities. The decentralized departments develop and manage the specific applications within their divisions, as well as the dedicated IT infrastructure and services.

Upward and downward information channels have been defined so as to allow the timely transmission of relevant and reliable information.

In terms of information feedback, accounting and financial information is processed in accordance with processes and with collaborative reporting and control tools (collaborative reporting and consolidation software shared throughout our Group under the authority of the Financial Affairs department).

For downward information flows, resolutions from the decision-making bodies are relayed via the relevant departments. Any change in the regulatory framework relating to any matter whatsoever is communicated to the relevant entities and departments in an appropriate manner.

Finally, our communications aimed at stakeholders is governed by the appropriate systems for the sake of guaranteeing the quality of the information.

In addition, we have distributed a crisis management procedure to our subsidiaries whose objective is, as far as possible, to anticipate the potential occurrence of any crises through deployment of management and alert principles covering all areas and activities of our Group.

Implementation of the risk management system

Aims

The Risk Management department was set up at the end of 2009 in order to strengthen our ability to forecast, analyze and prioritize risks of any kind and to ensure the suitability of our Group's development in relation to these risks.

Our Risk Management department structured its methodology framework in line with market standards and best practices, notably the *AMF* reference framework on risk management and internal control.

The aims of our Risk Management department are based on the following areas:

- know and anticipate: ensure that there is constant monitoring of the risks within our Group in order to guarantee that none are forgotten or underestimated and to forecast any development in their nature or intensity;
- organize: ensure that the main risks identified are actually taken into account by our organization, at the most appropriate level. Numerous operational risks are managed by our subsidiaries; head office takes charge of other risks which require special skills or that have an essentially cross-organizational or strategic component;
- control: ensure that the organizations and methods in place are effective in reducing the risks identified;
- train: gradually develop a risk management culture among all relevant managers and do so through appropriate training in France and internationally;
- inform: notify the executive board of any changes in the situation.

Regular structured analysis of the main Group risks

The risk management system is based on the internal control environment and is part of a continuous process for identifying, assessing and managing risk factors that are likely to have an impact on the aims being achieved and the opportunities that could improve performance. Providing an awareness of the responsibilities related to identifying, assessing and managing risks should be spread out through all appropriate levels of our organization.

A formal and more accurate report of the main risks for the Group and the methods of management and control of these is shown in the chapter on "Risk factors" on pages 76 *et seq* of this report.

Thanks to a structured process aimed at understanding and analyzing our main risks, we are able to assess the adequacy of the existing internal control systems, implement relevant action plans for their improvement and, more generally, to provide increased protection for our Group's enterprise value in compliance with applicable laws and regulations.

Risk management system

The risk management system is based on a clearly defined risk management process and organization:

- the organization is the responsibility of our Risk Management department, which is supported by three committees (the executive board, the strategic committee and the France committee) which validate our risk management policy and the processes used to identify, assess and address risks. The organization also includes "risk owners", whose role is to define and oversee the action plans for the Group's major risks;
- the risk management process in place since 2010 is based on:
 - identifying risks: through the risk map of the Group's major risks, its main exposures can be assessed;
 - assessing risks: senior managers play an active role in assessing and prioritizing the risks identified. These managers have extensive experience in the animal health sector and the company itself, which represents an asset with regard to ascertaining the impact, the occurrence and the management of each risk;
 - addressing risks: each risk classified as a major risk has been analyzed and prioritized. A risk owner has been appointed for each major risk. The risk owners are mainly the senior managers who are members of the three committees referred to above. Their role is to design and implement action plans in coordination with the different operational and functional organizations, in order to limit the company's exposure to the risks for which they are responsible;
 - monitoring action plans: our Risk Management department coordinates the whole process in partnership with the risk owners.

For Virbac, risk management forms part of a continuous improvement cycle of the internal control system by becoming engrained in company processes and consistently taking the fundamental issues into account that can be found in our organization, whether operational, legal, regulatory or related to governance.

Suitable control activities that aid in the process of preparing and processing accounting and financial information

Our system not only covers the processes for preparing financial information, but also all the upstream operational processes that help to produce this information. Internal control in all its forms, but especially that related to finance and operations, is essential for our company. Our ongoing aim is to maintain the balance between the decentralization required for our activities, better operational and financial control and the dissemination of skills and best practices.

Dedicated financial organization

Our control system and our procedures for producing accounting and financial information are consistent within our Group. Our system is made up of a cross-functional accounting organization throughout our Group, uniform accounting standards, one single consolidated reporting system and quality control of the financial and accounting information produced.

Accounting and financial operations are managed by our Group Financial Affairs department. In 2019, the Financial Affairs department decided to make some organizational changes so as to be more efficient and further optimize its resources.

This organization now includes:

- a Financial Affairs department that oversees the following activities:
 - all accounting services (accounts receivable, accounts payable and general accounting). These services are grouped under the same management, which will increase synergies and cross-functionality;
 - the Treasury and Financing department, which is mainly responsible for coordinating and monitoring our Group's financial debt and financial result reporting. With regard to exposure to exchange rate risks in particular, the guidelines of the Financial Affairs department forbid speculation and only allow for the hedging of positions that, whether current or future, are certain;
 - the Consolidation and Reporting department: resulting from a merger of the statutory and management teams, this new department aims to streamline the preparation of financial information and analyses and improve data production times, both current and forecasted; it now handles statutory consolidation as well as management consolidation, which allows for monitoring and analysis of the company's internal performance;
 - the Accounting and Tax Standards department: this department, also newly-established, serves as an expert in international accounting and tax standards. It strengthens headquarters' presence within our subsidiaries to help them face ever-increasing regulatory challenges;
- a Management Control department responsible for the reporting and analysis of Business, Industrial, R&D and support services activities;
- a Financial Studies and Projects department: among other things, this department is responsible for ensuring financial support for acquisition projects. It is also responsible for system implementation and transformation, in partnership with the Information Systems department. Lastly, it plays a major role in monitoring our external financial communications and our investor relations.

The financial directors of each subsidiary exercise a key role on account of the decentralized organization of the accounting and finance functions. They are mainly responsible for ensuring that all internal accounting and finance control procedures are applied correctly on the ground. Each subsidiary financial director reports functionally to an area financial controller who operates at the area level. On a functional level, it reports to a Group manager of Management Control.

Suitable tools: procedures and reference frameworks

The accounting and finance rules set out in the special instructions drafted by our Group Financial Affairs department apply to all operational and legal entities in the Group. In compliance with the IFRS (International financial reporting standards) adopted in the European Union, these rules include the following factors:

- a reminder of the general accounting principles and instructions that must be followed;
- a detailed chart of accounts;
- a confirmation of the Group accounting methods applicable for the most significant items and/or transactions;
- control procedures for the largest account categories, and in particular the main reconciliations to be carried out for controlling the information produced;
- rules defining the framework of the management information known as financial handbook;
- rules to be followed in order to manage cash flow requirements and financing thereof, investments of cash surpluses, hedging of exchange rate risks.

Our financial affairs department regularly updates these documents, in particular each time new accounting standards are modified or applied. We have set up a reporting system, which has been deployed in all our entities in order to ensure the quality and reliability of the financial information. It is supplied via the local accounting data, either by an interface, by drawing the required data from the ERP (Enterprise resource planning) financial modules available to our entities, or by manual entry.

We have defined special procedures for off-balance sheet commitments. These latter items stem essentially from guarantees provided by our company. The provision of securities, deposits and guarantees is subject to the following controls:

- for our parent company, special authorizations from the supervisory board whenever such guarantees exceed the annual authorization limits given to the executive board;
- for our subsidiaries, material off-balance sheet commitments must be reviewed in advance by the parent company.

Formal processes

The financial processes we have implemented contribute to the quality and reliability of the accounting and financial information.

Accounting (statutory) and management consolidation processes are now the responsibility of the single Consolidation and Reporting department.

Accounting consolidation process

Information is generated via the half-yearly and annual consolidation process underpinned by accounting principles applicable to all of our subsidiaries, thereby ensuring consistency of methodology.

Management consolidation process and reporting

Our Consolidation and Reporting department coordinates the monthly budgetary consolidation and reporting process within our Group, using information provided by our different operational departments and our affiliates. Concordance between the management information from reporting and the accounting data constitutes the key principle of control for ensuring the reliability of accounting and financial information. The management reporting system is used to monitor the monthly results and the main management indicators and to compare them with the

budget and with the results from the previous financial year. The management indicators are explained and analyzed by our consolidation and reporting department in collaboration with our local financial directors. Each month, the executive board examines the summaries from the management reporting, analyzes the significant variations and decides on any corrective actions to be implemented where necessary.

Treasury process

A process for establishing an annual treasury plan was also implemented across the Group, making it possible to control and consolidate the forecasting of cash movements of our subsidiaries, a sign of the accuracy of sales and expenditure forecasts and of working capital requirement management: customer collection, stock management and supplier payment terms.

Our policy of pooling excess cash and financing requirements daily in the euro zone allows us to reduce our net positions and manage our deposits or financings in an optimized way. Outside Europe, our policy of cash pooling was also implemented in order to limit counterparty risks and to optimize the use of lines of credit.

Items likely to have an impact in the event of a public offer

Pursuant to article L225-100-3 of the French commercial Code, the items likely to have an impact in the event of a public offer, *i.e.* the existence of a double voting right granted to all shares registered in the name of the same shareholder for at least two years, are set out in the annual report on page 132.

Thus our main shareholder, the Dick family group, holds 49.7% of shares and 65.5% of voting rights.

Management of systems and areas for improvement

Actions to monitor and improve systems

We implement continuous improvement actions for our risk management and internal control systems under the supervision of our executive board and the France committee, as well as under the supervision of the audit committee and the supervisory board.

Supervisory board

The role of our supervisory board and its special committees is described on pages 70-71 of this report.

Executive board

Our executive board is responsible for defining and managing the approach to internal control and risk management, relying on our different operational departments to implement these measures (*see pages 71-72 of this report*). Our functional departments carry out investigations into operations in their respective areas through their network of experts or via regular audits (*see page 72 of this report*).

Statutory auditors

All the accounting and financial elements prepared by our consolidated subsidiaries are subject to at least a limited audit during half-yearly closing for the most significant entities, and to an audit carried out by our external auditors when the year closes. The audit tasks in the different countries are given to the members of our Group's network of statutory auditors. They certify the regularity, sincerity and fair view presented by the consolidated accounts and the individual statutory accounts. They are informed of the key factors in the financial year ahead in the process of preparing the financial statements and they present a summary of their work to the Group accounting and financial managers and to the audit committee at the half-yearly stage and when the year closes.

Financial communication

The importance and increasing role of communication and the need to deliver comprehensive, quality financial information have led us to acquire the functions and skills required to present this information and to control risks to the corporate reputation.

Annual report and periodic financial information

Our Financial Affairs department is responsible for preparing our annual report and periodic financial information, working closely with our Corporate Communications department, which involves, in particular:

- defining and validating information in the annual document, the half-year report and periodic financial announcements;
- supervising the work carried out by the annual report steering committee;
- distributing financial information;
- applying the stock market regulations regarding financial communication and managing relations with the *AMF*.

Press releases

Our Corporate Communications department is responsible for media activities which could have an impact on the image, reputation and integrity of the Virbac brand name. To achieve this, it works very closely with the Financial Affairs department, in particular in activities and by distributing information which could have an impact on Virbac's share price.

RISK FACTORS

Like any organization, our Group is prompted to take risks, look for opportunities and create value. The issue of our Group's general risk management mechanism lies in its ability to identify risks, whether they are recurrent or emerging, and to control them over time.

Throughout 2020, we continued our efforts with the roll-out of our general risk management process through reliance on our risk management information system that was implemented in 2014.

Generally speaking, each risk identified is described in detail and assigned to a risk owner in charge of providing follow-up as well as defining and managing the implementation of adequate control measures.

We presented the organization and methods for how the tool was implemented within our Group in detail in the preceding paragraph of the report.

As part of its major risk mapping update performed in 2015, we have conducted a review of risks that could have a significant adverse effect on our business, our financial situation or our profit and considers that so far there are no significant risks other than those shown in this report.

However, certain risks not detailed here or not identified to date may potentially affect our Group's results, objectives, image or share price.

Risks related to the Group's business activities and strategy

The animal health market has undergone significant changes over recent years which have given rise to new challenges for the animal health sector which our Group has taken into account in its strategy (by market and by species).

Risks related to innovation process (research, development and licensing) and product registration

Risk factors

The field of the veterinary pharmaceutical industry is highly competitive, and every year, in order to meet changing market needs, maintain our market share and ensure our development, we devote significant resources to research and development.

In 2020, we committed 7.9% of our revenue to our RDL. The R&D process usually extends over several years and has various stages for testing, among other things, the efficacy and safety of products. In each of these stages, there is a risk that the objectives are not met and that a project where large amounts were invested is abandoned, including at an advanced stage of development.

Once the research and development phase is complete, as a veterinary pharmaceutical company, we must obtain, where necessary, all the administrative authorizations required, the MAs, to market our products. This phase is often long and complex, and we have no guarantee of success. Indeed, the filing of a registration dossier with the appropriate authority provides no automatic guarantee that the authorization to market the product will be granted. Such authorization may be only partial, *i.e.* limited to certain countries or indications. Once a Marketing authorization has been obtained, products are subject to ongoing controls and their marketing may potentially be restricted, or they may be withdrawn from the market. Our products placed on the market may also be subject to regulatory developments, which in some cases could require a new registration and therefore the performance of new clinical trials.

Consequently, the current investments in respect of the development and launch of future products may involve costs that will not necessarily generate additional revenue for us.

Along with in-house R&D projects which are the subject of extremely defined processes and regular monitoring of the various projects underway, we also pursue a license acquisition policy allowing us to have access to new products ready to be marketed or projects under development that we oversee to completion. In the same way as with in-house R&D projects, there is always a risk that these projects will not be successful or that the commercial potential will prove to be less attractive than expected, possibly resulting in these assets being impaired.

Risk management mechanisms

We seek to limit these risks by first employing stringent selection criteria for the research and development projects in which we invest (likelihood of success, as measured by a combination of technical, regulatory and marketing factors, of over 50%). Similarly, we use in-depth research to target the products for which licenses must be granted. Finally, we rely on the expertise of our Regulatory Affairs department which is responsible for filing, monitoring and renewing Marketing authorizations.

The animal health market is highly regulated and we display a very strong commitment to compliance by putting in place all necessary means to achieve it.

Risks associated with the emergence of a pandemic

Risk factors

Like all companies, we have been exposed to the Covid-19 pandemic.

Some of our suppliers or production sites may be in areas with a higher circulation of the virus, which thus impacts our production level. The same goes for our head office and our subsidiaries, where certain processes or the health of our employees could have been affected. Lastly, our business could also be affected by a global slowdown or economic standstill caused by the emergence of Covid-19. This could occur, for example, due to a drop in visits to veterinarians or to a strain on the distribution of products.

Risk management provisions

A crisis unit has been set up to monitor the situation and make the necessary decisions.

Very strict health measures have been deployed in all our units, aimed primarily at safeguarding the health of our employees. Teleworking has been massively deployed in all activities that do not require an on-site presence. For other activities (Production, R&D, etc.), critical processes have been reviewed to maintain our activity levels and to meet the medicinal needs of our customers. We have also reviewed stock levels, identified risk areas and prepared to activate alternative sources, where applicable.

Risks associated with product compliance**Risk factors**

Our Group may also be exposed to a temporary or permanent suspension of the operation of its products if they present, in the opinion of the competent authorities, a critical deviation from the regulations in force concerning them.

Risk management mechanisms

Our Group strives to ensure that our factories and manufacturing processes meet the highest level of compliance with existing benchmarks (Good manufacturing practices and others). We have defined and rolled out a quality management mechanism in all our manufacturing facilities worldwide. This mechanism helps to flag and correct any identified deviation between a manufactured product and its regulatory framework. The Quality Assurance department is responsible for defining and rolling out this system throughout our Group, and ensures proper implementation of the system by conducting its own audits. It also provides follow-up on action plans related to recommendations it may be called upon to make.

In parallel with this recurring process, six years ago the Group began a strategic project aimed at securing the major projects within the Group. 2020 saw the completion of the project with the end of the last actions that were implemented.

Risks associated with product liability**Risk factors**

Our product liability may be questioned if adverse side effects from drugs occur (not detected during clinical trials prior to MA) or if any default in quality should occur. The consequences of such events could be the recall of marketed batches, or loss, temporary or permanent, of the MA. If our liability were to be confirmed relative to major claims, our financial position could be greatly affected, as well as our reputation. Drug recall costs would also be added in the event of a quality problem.

Risk management mechanisms

We constantly strengthen our pharmacovigilance procedures and our quality checks on all products that we market. In the context of pharmacovigilance procedures, we conduct a systematic review and regular analysis of the safety profile of our products to ensure the safe use of drugs by monitoring the side effects attributable thereto. Moreover, we have product liability insurance that applies to all subsidiaries.

Risks associated with the distribution channels**Risk factors**

we operate in a large number of countries, either through our subsidiaries or through distributors in those countries in which we have no subsidiary. We have numerous distribution channels, and their characteristics depend on the country of marketing. However, our products are primarily distributed through wholesalers and purchasing groups which supply veterinarians. Despite the supervision of these relationships by contracts that are regularly revised, this distribution mode could create for our Group some dependency or insufficient control of our presence and our development.

Moreover, in certain countries the animal health sector has shown for some years now a trend towards the concentration of distributors and veterinarians in large clinics. Likewise, new distribution channels, such as the Internet, for example, have appeared. We remain vigilant about these developments and of the impact they may have on our revenue and our margins.

Risk management mechanisms

To reduce our dependence on distributors and reduce the effects of potential consolidation, we have implemented a policy of securing our margins and consolidating our market positions. This policy involves systematically studying the possibility of bringing distribution in-house whenever sales are of a sufficient size in a given market. We then opt for the most appropriate solution, either acquiring our distributor or establishing a new distribution business.

In more general terms, we strive to constantly adapt our marketing strategy in order to limit associated risks, and to take advantage of the opportunities which arise from these changes.

Risks related to increased competition**Risk factors**

The animal health sector has become increasingly competitive. Our products are sold in competitive markets in terms of pricing, financial conditions and product quality.

We often face strong competitors larger than ourselves or with greater resources. A consolidation trend has emerged in the past few years as some laboratories joined forces (by merger or acquisition) and major pharmaceutical laboratories partially or completely entered the animal health market. New forms of competition can

also be seen, such as the verticalization of activities among certain large distributors, local development of innovative players in niche markets, or even new strategic partnerships between smaller market players. These developments could alter our competitive environment, thereby impacting volumes and/or prices.

Risk management mechanisms

We analyze and constantly monitors the movements of our competitors across all markets. We have a policy of external growth through acquisitions and/or partnerships, particularly enabling us to participate in the on-going consolidation in the sector.

Furthermore, we remain on the lookout for opportunities that could arise from mergers between major players (divestment of businesses).

Risks related to the external growth policy of the Group

Risk factors

Since our inception, we have pursued an active external growth policy that has led us to be present today in many countries and to have a wide range of products. We aim to continue this policy in the future to bolster our geographic presence and product offerings.

This choice of growth through acquisition entails financial and operational risks, especially related to the valuation of assets and liabilities and the integration of personnel, activities and products purchased.

These acquisitions involve, in particular, the following uncertainties:

- the assumptions of future profitability taken into account in valuations that could not be verified;
- we may not successfully integrate acquired companies and their product ranges.

This external growth can sometimes take the form of a partnership (joint-venture) whereby we do not directly or solely engage in managing the operations of the businesses in which we have invested. This situation may result in governance issues if the various shareholders are not aligned on strategic objectives.

Risk management mechanisms

We have defined a rigorous process for mergers and acquisitions to cover the analysis of potential targets and the integration of acquired companies:

- applying strict criteria for investment profitability;
- establishing expert, multidisciplinary teams, supported where necessary by outside consultants, in charge of implementing in-depth due diligence.

This process requires the approval of the executive board and/or the supervisory board prior to any acquisition.

We now have experience gained from past acquisitions which allows us to understand a wide variety of situations related to this type of partnership.

Risks associated with the ability to attract and retain key talent

Risk factors

In France, the key skills sought for core functions (Industry/Quality Assurance/R&D) are in high demand throughout the pharmaceutical, human and veterinary medicine industries. In addition to competition amongst employers, the geographical location of the head office can represent a limitation to hiring, given the limited pool for spousal employment, coupled with the high cost-of-living in the region, particularly for real estate.

Meanwhile, in emerging countries, the job market is very dynamic, and our size and reputation cannot always attract the best talent.

Risk management mechanisms

The ability to identify, recruit, integrate, develop and retain the key talent we need in order to achieve our development plan is a major challenge for our Group, not to mention a priority for the Human Resources department, which serves as a liaison with the main functional and operational departments in question.

With that in mind, the HR talent management strategy consists of repeatedly and continually pointing out the dynamic and competitive nature of our Group from a standpoint of career development and compensation, while stepping up our presence in schools and universities, as well as partnerships with major employment stakeholders in the industry.

So as to reinforce this strategy, over the last few years, we have developed an employer offering which formalizes internal and external communication in the Group as an employer. We now have a strong employer message to support our growth both in France and abroad by making retention of key talent one of our priorities.

Country risk

Risk factors

We are an international group, which may have to operate in countries subject to certain geopolitical and economic instability and in which we have production units.

Risk management mechanisms

We remain vigilant, and closely follow the level of political or economic instability in certain countries to anticipate possible response or prevention methods if the level were to reach a magnitude that could have a major impact on employees, assets or our operations.

Additionally, we use *Coface* hedging, the leading French insurance company specializing in export credit insurance to secure our operations in certain regions.

Industrial and environmental risks

Because of our activities carried out in various strategic sites worldwide, we are subject to industrial and environmental risks which could result in significant additional operating costs and liability in case of fire or explosion.

The ultimate risk would be temporary or permanent closure of a site for non-compliance with certain rules or following a major incident.

However, we grants particular attention to industrial risk prevention and environmental protection, in line with our social and environmental policy.

The responsibility for industrial risk management falls mainly to the line managers, who monitor compliance with regulations and standards in this field by implementing operating procedures, quality systems and a series of security measures, as defined and dictated by our Group, in cooperation with our insurers.

More information regarding the industrial and environmental risk factors related to our activities can be found in the Statement of non-financial performance on pages 8 *et seq.*

Risks related to the use of hazardous materials

Risk factors

As part of our veterinary medicine manufacturing business, we use substances that present health, fire and/or explosion, air pollution and spillage risks during the various phases of the production and marketing processes (R&D, manufacturing, storage and transport). These risks could, should they materialize, cause damage to persons, property and the environment.

Risk management mechanisms

To limit these risks, we comply with the safety measures required by the laws and regulations in force, implement Good manufacturing and laboratory practices, and ensure that our employees are trained. Our manufacturing sites and research and development facilities are also regularly inspected by regulatory authorities.

Risk of business interruption due to equipment or strategic facilities losses or downtime

Risk factors

Like any industrial activity, our production sites are exposed to the possibility of unforeseen incidents that could result in the temporary suspension of production or permanent closure of the site.

These potential incidents are of various types: fire, machine breakdown, explosion, natural disaster, contamination, malicious acts or storage of hazardous materials.

Furthermore, considering the specific nature of the pharmaceutical industry, a national health authority may be called upon in certain situations to impose an administrative business suspension. This may affect our ability to achieve our goals, depending on the potential length of such a suspension.

Risk management mechanisms

We have developed a process to ensure safety in our industrial facilities. The probability of such events occurring and any related potential impact production levels and profits are therefore limited by the following measures:

- buildings are in compliance with regulatory safety requirements (e.g. standardized fire detection systems on the sites);
- annual audits of facilities are performed;
- insurers make preventive visits and audits;
- ongoing investments are made to improve and secure production-related operations activities.

In 2013, we set up a new structure by creating a Global Industrial and Corporate Quality Assurance department that aims to develop and sustain the production tool over time. This allows, on the one hand, to comply with all applicable local regulations, and on the other, to create conditions for greater flexibility and synergy with our different production sites. Additionally, in the past few years, we have significantly enhanced our industrial and quality assurance processes at the St. Louis site in the United States, which led the FDA in 2019 to confirm the GMP status of this site after an audit. Finally, we have taken out operating loss insurance, which also covers for losses which take place with our suppliers.

HSE risks (Health, safety and environment)

Risk factors

As part of our activities, we are subject to a set of regulations related to health, safety and environmental issues.

The majority of the production sites in France are subject to operating regulations issued by the supervisory authorities.

These regulations include requirements that our sites must meet regarding environmental matters, including waste management, the volume and quality of water discharges, and safety and risk prevention rules.

The operating regulations to which our sites are subject are at declaration or authorization level. No site is subject to regulation of the European Seveso directive.

Failure to comply with these regulations could result in fines and financial burden and potentially lead to the closure of a site by the administrative authorities.

Meanwhile, given the nature of our activity, we may have an impact on the environment even if it does not cause visual, noise or odor pollution.

Finally, given the nature of our industrial activities, the possibility of an accident occurring at the workplace (either conventional or related to the risk of contamination by products) cannot be ruled out, even if the dangerousness of such activities must be appreciated with regard to other industries considered more dangerous.

Risk management mechanisms

Protecting the environment and the safety of our employees are among our key priorities.

We pay special attention to ensure that our different sites comply with existing regulations. We have an HSE department whose mission is to guide and assist the operational departments in developing and maintaining an adequate level of protection for people and the environment.

In tangible terms, the exposure of employees is covered by specific measures presented on pages 31-32 of the annual report:

- defining a clear and precise safety organization;
- establishing a prevention policy and a continuous improvement approach.

For this purpose, we have pursued the implementation of tools and means of support for all teams thanks to:

- the Reflex Prevention approach (awareness-raising and training of personnel in work safety);
- the analysis of accidents in the workplace as a performance indicator;
- medical evaluation before each recruitment (for instance in the United States).

Finally, we take HSE problems into account during the due diligence of acquisition of new sites.

Information related to the HSE topic is provided on page 40 *et seq.* of the Statement of non-financial performance.

Risks associated with the effects of climate change

We have not identified any significant financial risk associated with the short-term effects of climate change.

Currently, only three subsidiaries are more exposed in their activity to the effects of the climate. These are South Africa, India and Australia: long periods of drought, or alternatively floods, could impact the financial situation of their customers (mainly the farmers), resulting in repercussions on the food producing animal activity of these subsidiaries.

Risk management mechanisms

Generally speaking, we are strongly committed to preserving the environment. We therefore place particular importance on measures to reduce our carbon footprint, particularly in terms of energy consumption (see *Statement of non-financial performance pages 44 and 45*).

Legal risks

We give special importance to legal risk management, particularly given the complexity and growing intensity of the competitive and regulatory environment and our growth. The Legal department oversees the prevention and management of legal risks in conjunction with other departments and operational teams.

Risks related to the maintenance of intellectual property rights

Risk factors

Our success rests largely on our ability to obtain and effectively protect our intellectual property rights and, in particular, our brands, our registration files, formulae, technology and our trademarks.

We incur a dual risk: the risk of a competitor attacking or exploiting its intellectual property rights, and the risk of being sued for infringement by third party rights holders.

Risk management mechanisms

The protection of our intellectual property relies on two departments working in close collaboration.

Within the R&D department, the role of the patents team includes:

- drafting and filing patent applications related to innovative techniques or products;
- monitoring the competition in order to guard against abusive use of rights by a third party;
- analyzing third party patents from the development phase of new products in order to avoid exposure to a possible infringement situation.

The Legal department oversees, across the Group, the selection, registration and protection of the various brands and registered domain names, opposes third-party brands that could be infringing on the Group's rights and manages all disputes related to intellectual property.

Risks related to regulatory changes

Risk factors

Regulatory risks arise from our exposure to changes in laws and regulations, particularly those regarding public health policies. Any changes in legislation may impact our profits and financial position.

We must obtain and retain Marketing authorizations required for the manufacture and sale of our products. Given our international presence, those regulatory authorizations are issued by authorities or agencies in several countries. Withdrawal of a previous authorization or not obtaining authorization for a new product may have an adverse effect on our operating profits.

It should be noted that the pharmaceutical industry is subject to increased attention from authorities and the public, which results in the regular issuance of tougher rules which govern it.

Risk management mechanisms

Each of our functional and operational department is responsible for implementing an ongoing monitoring mechanism in order to identify or anticipate any regulatory change which could impact our activities.

Where appropriate, each department may be required to rely on local experts in those countries where our group distributes its products.

By way of example, a Group Regulatory and Public Affairs department provides permanent monitoring of the pharmaceutical regulations to which our Group is subject.

Risk of legal action

Risk factors

Our company is established worldwide. In the conduct of our business, we may become involved in disputes, legal, arbitration or administrative proceedings and group actions anywhere in the world. All significant disputes are routinely assessed and managed by the Legal department, with the assistance, where necessary, of external consultants.

Risk management mechanisms

We consider that the provisions recorded in the accounts in respect of these disputes are sufficient to cover the exposed financial risk if convicted.

As of the date of this annual report and to our knowledge, there is no current legal proceeding in which our company would be threatened that could have significant effects on the financial position or profitability of the Group.

Operational risks

By their very nature, our different activities, encompassing the entire value chain in the sector, expose us to varied operational risks. The Global Industrial Operations and Corporate Quality Assurance department, as well as Corporate Sourcing, contribute to securing the associated risks.

Risks of dependence on third parties for supply or manufacturing of certain products

Risk factors

The majority of raw materials and active ingredients forming the composition of products that our company manufactures are provided by third parties.

In certain cases, we also use contract manufacturing organizations or industrial partners who have production capacities or expertise in particular technologies.

But there are, for certain supplies or certain technologies, situations where diversification is difficult if not impossible, which could then result in a risk of shortages or price pressures. These single-sourcing cases are structural and characteristic of the pharmaceutical industry.

Risk management mechanisms

The selection of suppliers is performed according to strict criteria and, to the extent possible, we diversify our sources by referencing multiple vendors, while ensuring that these sources provide sufficient characteristics of quality and reliability. To limit these risks, we have broadened our approach to identify as many diversified suppliers as possible, and may in certain cases secure our supply chain by acquiring the technologies and capacities we lack and that create too high a dependency.

Whatever the solution adopted, we systematically ensure upstream the sustainability of the source. In addition, we have regularly updated the mapping of our major suppliers, including contract reviews and an analysis of possible alternative sources.

Risks related to safety and reliability of information systems

Risk factors

Our business is based in part on highly integrated information systems. Failure of these systems could directly impact our business and our profit. Other risk factors may be considered, such as intrusion, piracy, theft of knowledge, know-how or confidential information, system shut-down of one or more systems following a computer failure, obsolescence of a part of the IT system (application, server, etc.) as well as regulatory developments particularly linked to the Internet (licenses and copyright, personal data, etc.).

Risk management mechanisms

Our Group Information Systems department (ISD) ensures the ongoing security of the information systems and networks. The areas covered are:

- organization and general security of information systems;
- physical security (intrusion, accidents);
- networks (local, remote, internet);
- the availability of applications and data.

The ISD regularly develops and updates all measures to preserve the confidentiality of data, protect information systems against intrusion and minimize the risk of interruptions of service (backup, redundancy and server backup procedures, disaster recovery plan, and so forth).

In addition, an IT systems-use code is applied to all our employees.

Financial risks

The financial risk management policy is controlled centrally by our Financial Affairs department and in particular its Treasury and Financing department.

Strategies for financing, investment, and interest and exchange rate risk hedging are thus systematically reviewed and monitored by the Financial Affairs department. The operations carried out by our local teams are also managed and monitored by our Treasury and Financing department.

The holding of financial instruments is conducted with the sole purpose of reducing exposure to exchange rate and interest rate risks and has no speculation purpose.

Market risks

Currency exchange risks

■ Risk factors

The currency risk arises from the impact of fluctuations in exchange rates on the Group's financial flows when carrying out our activities. Due to our strong international presence, we are exposed to the foreign exchange risk on transactions, and the foreign exchange risk on the conversion of the financial statements of our foreign subsidiaries.

■ Risk management mechanisms

Our policy is to hedge foreign currency risk on transactions when the extent of exposure and the risk of currency fluctuations are high. Accordingly, we use various instruments available on the market and generally employ foreign exchange forwards or options. The details associated with this risk are presented in note A33 of the consolidated accounts.

Interest rate risks

■ Risk factors

Our income statement may be impacted by the interest rate risk. In fact, unfavorable rate changes can thus have a negative impact on our financing costs and future cash flows.

Our exposure to the interest rate risk arises from the fact that our main lines of credit are at variable rate; therefore the cost of debt may increase in the event of a rise in interest rates.

■ Risk management mechanisms

To manage these risks and optimize the cost of our debt, we monitor developments and market rate expectations, and we limit our exposure by establishing interest rate hedges, with instruments available on the market such as caps or swaps of interest rates (fixed rate) not exceeding the length and value of the actual commitments. The details associated with this risk are presented in note A33 of the consolidated accounts.

We currently have financing contracts and hedging contracts whose interest rates are indexed to Libor. Following the announcement by the FCA (UK Financial conduct authority) of its intention to no longer compel banks to contribute to the Libor quotations after December 31, 2021, our financial teams are in charge of managing the disappearance of the Libor indices in order to ensure the continuity of our financial and commercial activities. We will retain the market practice that will be required both in terms of the substitution of indices for existing contracts and in terms of the new indices to be used for new contracts. We cannot predict, at this moment, the impact this will have on the cost of our financing in the currencies concerned.

Liquidity risk

■ Risk factors

Liquidity is defined as our capacity to meet our financial payment deadlines as part of our current business and to find new funding sources as needed, so as to maintain a continual balance between our income and expenditures. As part of our operations, our program of recurring investments and active policy of external growth, we are thus exposed to the risk of not being sufficiently liquid to fund our growth and development.

■ Risk management mechanisms

The policy of pooling surplus cash and funding needs in all areas helps to refine our net position and to optimize the management of investments and funding requirements, ensuring Virbac's ability to meet its financial commitments and maintain an optimal level of availability commensurate with its size and needs.

We ensure that our financing resources and surpluses cover our cash requirements and ensure compliance with our financial covenant (debt covenant).

Other financial risks

Fraud risks

■ Risk factors

The Group could still be the victim of internal or external fraud that could lead to financial losses and affect our reputation.

■ Risk management mechanisms

We are committed to strengthening internal control and give particular importance to making our employees aware of these issues. Our head office teams regularly give strong guidance and guidelines on this subject. Segregation of duties, as well as a central, regional and local management control mechanisms and the appointment of regional

controllers help strengthen control and reduce the probability of such practices occurring. Upon acquiring new companies, we integrate them into these mechanisms for the prevention of unethical practices.

We have proceeded with training and roll-out of best practices processes that, among other things, are intended to prevent the risk of fraud.

Virbac's code of conduct underscores our commitment to pursue our activities in accordance with the law and ethics, and also defines the nature of the relationships Virbac we wish to have with our partners.

Credit risk

■ Risk factors

Credit risk may arise when the Group grants credit to customers on payment terms. The risk of insolvency, or even default by some of them, may result in non-payment and thus negatively impact the Group's income statement and net cash position.

■ Risk management mechanisms

The Group limits this type of risk thanks to the very high fragmentation and dispersal of its customers throughout all of the countries in which we operate. Based on the regulations in force, the Treasury department recommends the uses, the ratings, the credit-insurance limits, the maximum payment periods and sets credit limits for customers to be applied by operational entities. The Treasury and Financing department manages and controls these credit aspects for the French entities for which it is directly responsible and recommends the same practices via guidelines and best practices for the Group. Furthermore, there is a credit insurance group framework contract for which any subsidiary is or may be eligible when it comes to this kind of risk. The details associated with this risk are presented in note A33 of the consolidated accounts.

Counterparty risk

■ Risk factors

The Group is exposed to counterparty risk within its contracts and financial instruments that we buy, in the event that the debtor refuses to honor all or part of his commitment or finds himself *in fine* unable to do so.

■ Risk management mechanisms

We pay particular attention to the choice of financial institutions we use, and are even more critical when it comes to investing available cash.

Nevertheless, we consider our exposure to counterparty risk to be limited, considering the quality of our major counter-parties. In fact, investments are only made with first-class banking entities. The details associated with this risk are presented in note A33 of the consolidated accounts.

Insurance and risk coverage

General coverage policy

The Group's insurance policy is underpinned by a risk prevention and protection approach specific to our activities. We regularly review our insurable risks and financial coverage with the assistance of an international broker who is part of an integrated network. In this regard, all contracts have been harmonized at Group level, and the parent company provides assistance and support to the subsidiaries as part of its international insurance programs for the establishment of local insurance policies.

The broker ensures coordination and control of these programs in conjunction with its local contacts.

Insurable risks are covered by our Group insurance policies with a level of coverage that we deem appropriate, given our circumstances, barring any wholly unforeseeable events.

Insurance programs

The international damage and operational losses insurance program, as well as the general third-party liability and product liability international insurance program, cover our entire Group.

A single Group-wide international transport insurance program covers all goods transported across the globe under the responsibility of Virbac or its subsidiaries.

We use leading insurers for all insurance programs. The coverage levels were set on the basis of our risk profile. Despite unequal local resources, this centralization of risks provides a better level of protection for all our entities, while realizing economies of scale.

Property, buildings and equipment are insured against damage based on full replacement value, purchase price or production cost of merchandise and operating losses based on the loss of gross margin.

Our main production facilities are subject to an inspection and prevention program conducted by the leading insurance company's Risk Studies and Prevention department as part of the damage and operational losses program.

We do not have a captive insurance or reinsurance company.

STATEMENT OF NON-FINANCIAL PERFORMANCE

Following the transposition into French law of the European directive 2014/95/EU of October 22, 2014 on the disclosure of non-financial information (by ordinance 2017-1180 of July 19, 2017 and decree 2017-1265 of August 9, 2017), Virbac publishes its Statement of non-financial performance on pages 8 to 47 of the annual report. This

statement presents the Group's values and rules of conduct in social and societal fields, human rights, the fight against corruption, tax evasion, and the environment.

2021 OUTLOOK

As a continuation of the execution of our strategic plan, in 2021, we anticipate a growth in revenue at constant rates and scope of between 3% and 5% (*i.e.* between 0% and 2% at constant rates and real scope), as well as a ratio of "current operating income, before depreciation of assets arising from acquisitions" over "revenue" which should be between 10% and 12% at constant exchange rates. Lastly, as indicated in September, 2020, we are starting a transition phase over the 2021-2022 period. Our investment level could be around €60 million per year over these two financial years. However, we remain vigilant to developments in the Covid-19 pandemic in the coming months and to the impacts on our business.

PROVISIONAL TIMETABLE FOR FINANCIAL COMMUNICATION

The provisional timetable for 2021 is as follows:

- January 19, 2021 after the close of trading: communication of 2020 annual revenue;
- March 17, 2021 after the close of trading: communication of 2020 annual profit;
- April 15, 2021 after the close of trading: communication of revenue for the first quarter of 2021;
- June 21, 2021: annual shareholders' meeting;
- July 20, 2021 after the close of trading: communication of revenues for the second quarter of 2021;
- September 15, 2021 after the close of trading: communication of first half profits for 2021;
- October 18, 2021 after the close of trading: communication of revenues for the third quarter of 2021;
- January 19, 2022 after the close of trading: communication of 2021 annual revenue.

FEES OF THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS BORNE BY THE GROUP

As at December 31, 2020

in € thousand	Deloitte					Novances - David & Associates Nexia network				
	Audit		Network		Total	Audit		Network		Total
Issuer	108.2	100%	—	—%	108.2	53.2	100%	—	—%	53.2
Consolidated subsidiaries	—	—%	699.0	100%	699.0	—	—%	22.9	100%	22.9
Audit and limited review of the individual and consolidated accounts	108.2	81%	699.0	96%	807.2	53.2	100%	22.9	100%	76.1
Issuer	25.0	100%	—	—%	25.0	—	—%	—	—%	—
Consolidated subsidiaries	—	—%	27.9	100%	27.9	—	—%	—	—%	—
Other services	25.0	19%	27.9	4%	52.9	—	—%	—	—%	—
Total fees	133.2	100%	727.0	100%	860.2	53.2	100%	22.9	100%	76.1

As at December 31, 2019

in € thousand	Deloitte					Novances - David & Associates Nexia network				
	Audit		Network		Total	Audit		Network		Total
Issuer	123.0	100%	—	—%	123.0	52.9	100%	—	—%	52.9
Consolidated subsidiaries	—	—%	688.9	100%	688.9	—	—%	22.7	100%	22.7
Audit and limited review of the individual and consolidated accounts	123.0	83%	688.9	98%	811.9	52.9	100%	22.7	100%	75.6
Issuer	25.0	100%	—	—%	25.0	—	—%	—	—%	—
Consolidated subsidiaries	—	—%	12.0	100%	12.0	—	—%	—	—%	—
Other services	25.0	17%	12.0	2%	37.0	—	—%	—	—%	—
Total fees	148.0	100%	700.9	100%	848.9	52.9	100%	22.7	100%	75.6

The services other than the certification of the accounts provided by the statutory auditors to the issuer, consolidating entity, and to its affiliates correspond to the following elements:

- certificate relating to the Statement of non-financial performance;
- certificates relating to the calculation of the financial ratio (banking covenants).

Report on corporate governance

The shareholders' meeting held on December 15, 2020, decided that, as of that day, our company's management and administrative structure would be changed to that of a public limited company with a board of directors as per the stipulations set out in articles L225-17 to L225-56 of the French commercial code, this in place of a supervisory board and executive board.

The shareholders' meeting also appointed all former members of the supervisory board as members of the new board of directors.

The first board of directors meeting, held immediately after the shareholders' meeting, decided unanimously to separate the functions of the chairman of the board of directors and that of chief executive officer. The board of directors then appointed the former chairman of the executive board as chief executive officer (Mr. Sébastien Huron) as well as a former member of the board as deputy chief executive officer (Mr. Habib Ramdani). The board also appointed a new deputy chief executive officer/qualified person (Mr. Marc Bistuer), following the decision of the former member of the executive board, general manager and qualified person (Mr. Christian Karst) to not apply for a new term of office due to his forthcoming retirement in 2021.

This report will mention the terms of office exercised by the members of the supervisory board and the executive board until December 15, 2020, as well as the new terms exercised by the members of the board of directors and the general management since December 15, 2020.

This report was submitted to the audit committee, whose recommendations were taken into account, and was unanimously adopted by the board of directors at its meeting held on March 16, 2021.

The report refers to the recommendations of the corporate governance code for listed companies drawn up and consolidated by Afep-Medef (Afep-Medef Code), which was adopted by the former supervisory board as its code of reference. This choice was not challenged by the board of directors. The Afep-Medef Code can be consulted online at the following address: www.medef.com.

Following recommendations from the *AMF* (French financial markets authority), a summary table on page 109 lists the Afep-Medef Code measures that the company has decided not to implement and provides the reasons.

COMPANY OFFICERS UNTIL DECEMBER 15, 2020

		Public limited company with a supervisory board and an executive board
Executive officers	Executive officers	<ul style="list-style-type: none"> . Chairman of the executive board: Sébastien Huron . Members of the executive board : <ul style="list-style-type: none"> - Christian Karst, general manager; - Habib Ramdani.
Non-executive officers	Non-executive officer Members of the supervisory board	<ul style="list-style-type: none"> . Chairwoman of the supervisory board: Marie-Hélène Dick-Madelpuech . Members of the supervisory board: <ul style="list-style-type: none"> - Pierre Madelpuech, vice-chairman; - Olivier Bohuon, permanent representative of the company OJB Conseil; - Philippe Capron; - Solène Madelpuech; - Cyrille Petit, permanent representative of the company Cyrille Petit Conseil; - Sylvie Gueguen, employee representative.

COMPANY OFFICERS AS OF DECEMBER 15, 2020

Public limited company with a board of directors

Executive officers	Executive officers	<ul style="list-style-type: none"> . Chief executive officer Sébastien Huron . Deputy chief executive officer: Habib Ramdani . Deputy chief executive officer: Marc Bistuer
Non-executive officers	Non-executive officer Members of the board of directors	<ul style="list-style-type: none"> . Chairwoman of the board of directors: Marie-Hélène Dick-Madelpuech . Members of the board of directors: <ul style="list-style-type: none"> - Pierre Madelpuech, vice-chairman; - Olivier Bohuon, permanent representative of the company OJB Conseil; - Philippe Capron; - Solène Madelpuech; - Cyrille Petit, permanent representative of the company Cyrille Petit Conseil; - Sylvie Gueguen, employee representative.

I – CORPORATE GOVERNANCE UNTIL DECEMBER 15, 2020

The supervisory board until December 15, 2020

Responsibilities of the supervisory board

Until December 15, 2020, the company had a dual governance structure with an executive board and supervisory board. The supervisory board was responsible for supervising the management activities of the executive board. It exercised its supervisory powers by meeting every quarter to examine, in particular, the company's and Group's performance indicators and the annual and interim financial statements presented to it by the executive board. Where necessary, it carried out its responsibilities by obtaining information from the statutory auditors. It also reviewed in more detail any proposed acquisitions based on analyses drawn up by the executive board.

Meetings of the supervisory board

The statutory auditors were invited to all supervisory board meetings. The documents, technical material and information necessary for the performance of the duties of board members relating to items on the agenda were sent out by courier as early as possible before the meeting. Supervisory board meetings are generally held at Virbac head office. Throughout 2020, meetings were held both face-to-face and via videoconference in light of the current global health scenario.

In accordance with the company articles of association, the supervisory board met per quarter at a minimum. Supervisory board members also met several times informally during the year for informal works and discussion sessions. During its meetings, the supervisory board reviewed the annual and interim financial statements, quarterly revenue, the budget, the reports by the executive board on the Group's business activities, profit, performance and forecasted outlook, as well as developments in each of the Group's major operational areas and its outlook, strategic plans and proposed acquisitions. Depending on the content of the meetings, all or some of the executive board members were present, and the Group's area directors or functional directors may have been invited on an *ad hoc* basis.

The terms of office held by the members of the supervisory board in other companies are listed on pages 90 to 95.

In accordance with the provisions of the Afep-Medef Code, the supervisory board conducts an annual assessment of its operations in order to improve the effectiveness of its work, and at least once every three years, a formal assessment, which may be carried out with the assistance of an external consultant.

Pursuant to Act n°2018-727 of May 23, 2019, an action plan for business growth and transformation regulation (known as the "PACTE" Law), the supervisory board implemented an internal control procedure for agreements related to routine transactions entered into under normal conditions in order to regularly assess whether these agreements meet and continue to meet these conditions (new paragraph 2 of article L225-87 of the French commercial code).

The procedure for assessing whether agreements qualify as normal and ordinary agreements applies when an agreement has been entered into directly or through an intermediary:

- between the company and a member of the executive board or supervisory board or between the company and a shareholder holding more than 10% of voting rights, or in the case of a shareholder company, the company controlling it within the meaning of article L233-3 of the French commercial code;
- between the company and an enterprise, if one of the members of the executive board or supervisory board of the company is the owner, partner with unlimited liability, manager, director, supervisory board member or, generally speaking, the head of that company;
- between two Group companies, except those wholly owned by the parent company.

The methodology used to assess whether these agreements are routine transactions entered into under normal conditions is as follows:

- the Financial Affairs department and the Legal department meet whenever necessary to review these new agreements and the relevance of the criteria used for the distinction between routine and regulated agreements, and with regard to current agreements, consider whether or not to reclassify them due to circumstances that may result in modification of the criteria used upon conclusion;
- if agreements are classified as regulated agreements, the procedure provided by law shall be applied under the supervision of the Legal department;
- the list and information regarding these current routine agreements are conveyed annually to the supervisory board to allow it to assess, when deemed necessary, whether the agreements remain in compliance with these normal and routine conditions;
- pursuant to the law, individuals directly or indirectly involved in any of these agreements do not participate in its evaluation.

Policy of staggered terms for members of the supervisory board

Since 2014, supervisory board members' terms have been staggered to comply with the recommendations of the Afep-Medef Code.

Special committees

■ Compensation committee

The compensation committee is chaired by the chairwoman of the supervisory board. The company has considered it preferable for the compensation committee to be chaired by a member of the supervisory board who represents the family majority shareholder. It should be noted that based on the division between the executive board and the supervisory board, the compensation committee acts independently of the executive board members whose compensation it discusses.

The compensation committee met once in 2020.

All members of the compensation committee attended this meeting.

At this meeting, the topics covered were the following:

- review of executive board member performance in 2019 in relation to their variable compensation;
- compensation of executive board members in 2020;
- review of compensation paid to the Group's key management;
- review of the free share plan introduced in 2018 and 2019.

■ Audit committee

The audit committee, chaired by Philippe Capron, an independent member of the supervisory board, met four times during 2020 with the chairman of the executive board, the chief financial officer and, when necessary, with the statutory auditors in attendance. All the members of the audit committee attended all the meetings.

Over the course of 2020, the audit committee reviewed the 2019 annual financial statements and the 2020 interim financial statements.

It checked the financial information and decided upon the accounting treatment for the financial year's major transactions, submitted either by the statutory auditors or by the members of the executive board. It also noted the efforts made by the executive board to ensure the establishment and effectiveness of internal control procedures, to identify risks and implement the measures considered necessary to manage them. It also reviewed the corruption risk prevention plan and the GDPR (General data protection regulation) compliance plan.

PERSONAL INFORMATION OF THE MEMBERS OF THE SUPERVISORY BOARD

	Personal information of the members of the supervisory board				Position on the supervisory board			Participation in board committees
	Age	Gender	Nationality	Number of shares	independence	Initial date of appointment	Term of office expires	
Marie-Hélène Dick-Madelpuech Chairwoman of the supervisory board	56 years	Female	French	1,635		Year of 1 st appointment: 1998	2022	Compensation committee
Pierre Madelpuech Vice-chairman	60 years	Male	French	110		Year of 1 st appointment: 1995	2021	Audit committee
Olivier Bohuon Permanent representative of OJB Conseil	62 years	Male	French	10	Independent member	Year of 1 st appointment: 2011 Permanent representative of OJB Conseil since December 2018	2020	Compensation committee
Philippe Capron	62 years	Male	French	442	Independent member *	Year of 1 st appointment: 2004	2022	Audit committee Compensation committee since 2020
Solène Madelpuech	27 years	Female	French	10		Year of 1 st appointment: 2017	2020	
Cyrille Petit Permanent representative of Cyrille Petit Conseil	50 years	Male	French	10	Independent member	Year of 1 st appointment: 2019 Permanent representative of Cyrille Petit Conseil since March 2020	2020	Audit committee
Sylvie Gueguen Employee representative	56 years	Female	French	38	N/A	Year of 1 st appointment: 2018	2021	
Non-voting advisor								
Xavier Yon Permanent representative of Xavier Yon Consulting Unipessoal Lda Non-voting advisor	80 ans	Male	French	N/A	N/A	Year of 1 st appointment: 2014 personally and as permanent representative of Xavier Yon Consulting Unipessoal Lda since December 2017	2020	

* Philippe Capron see pages 103 and 104 criteria of independence

Profile, experience and positions of the members of the supervisory board until December 15, 2020, who became members of the board of directors starting December 15, 2020 – situation as of December 31, 2020

Marie-Hélène Dick-Madelpuech, chairwoman of the supervisory board until December 15, 2020, and chairwoman of the board of directors since December 15, 2020

• Age and nationality	56 years, French
• First appointment	1998
• Current term ends	2022
• Number of shares held	1,635

- Chairwoman of the compensation committee

Veterinary doctor and MBA graduate from HEC (business school), Marie-Hélène Dick-Madelpuech was appointed chairwoman of Virbac's supervisory board in April 2006.

Head of the Panpharma Group, which specializes in the field of injectable medicines for healthcare establishments.

List of positions

Current positions

Expired positions

Non-Group positions and functions exercised over the past five years but no longer in effect: none

Positions in Group companies:

- vice-chairwoman of the *Fondation d'entreprise* Virbac (corporate foundation) (France).

Positions in companies outside of the Group:

- chairwoman and general manager of the company Okelen, SA (France);
- permanent representative of the company Okelen, charing Panmedica, SAS (France);
- chairwoman of the board of directors of Panpharma, SA (France);
- associate manager of the *société civile* Ilouet (France);
- officer of Panpharma Australia Pty Limited (Australia);
- officer of Panpharma UK Limited (United Kingdom);
- co-manager of the *société civile immobilière*¹ Samakeur MH (France);
- manager of the *société civile* Investec (France);
- co-manager of the *société civile* Du Regard (France).

None of these companies are listed on a stock exchange.

¹ Property partnership incorporated under civil law

Pierre Madelpuech, vice-chairman of the supervisory board until December 15, 2020, and vice-chairman of the board of directors since December 15, 2020

• Age and nationality	60 years, French
• First appointment	1995 (personally) and 2005 (as permanent representative of the company Asergi).
• Current term ends	2022
• Number of shares held	110

Member of Virbac's supervisory board acting as vice-chairman, appointed by decision (co-optation) by the supervisory board on September 5, 2017, to replace the company Asergi, which resigned.

Previously permanent representative of Asergi, member of Virbac's supervisory board until September 5, 2017.

- Member of the audit committee

ENSAM engineer and MBA graduate from HEC (business school).

List of positions		Expired positions
Current positions		Non-Group positions and functions exercised over the past five years but no longer in effect: none
Positions in Group companies:		
None		

Positions in companies outside of the Group:

- . manager of the company Asergi, SARL (France);
- . director of the company Panpharma, SA (France);
- . director of the company Okelen, SA (France) ;
- . general manager of the company Panmedica, SAS (France);
- . manager of the company Arteis Développement, SARL (France);
- . general manager of the company RPG, SAS (France);
- . associate manager of the *société civile immobilière* Igresa (France);
- . manager of the company Art'Pro, SARL (France);
- . manager of the company Crearef, SARL (France);
- . manager of the company Crea Négoce, SARL (France);
- . manager of the company Color'I, SARL (France);
- . manager of the *société civile* P2LM (France);
- . chairman of the company Fra Angelico, SASU (France);
- . associate manager of the *société civile* Du Regard (France) ;
- . associate manager of the *société civile immobilière* Okolline (France).

None of these companies are listed on a stock exchange.

Olivier Bohuon, permanent representative of the company OJB Conseil, member of the supervisory board until December 15, 2020, and member of the board of directors since December 15, 2020

• Age and nationality	62 years, French
• First appointment	2011
• Current term ends	2023
• Number of shares held by the company	10

Permanent representative of OJB Conseil, a company appointed by decision (co-optation) of the supervisory board on December 14, 2018, following the resignation of Olivier Bohuon in his personal capacity.

Member of Virbac's supervisory board, in a personal capacity, until December 14, 2018, the date of his resignation.

Holding a doctorate in pharmacy and an MBA from HEC (business school), Olivier Bohuon is a member of the French National Academy of Pharmacy and the French Academy of Technology.

List of positions

Current positions	Expired positions
Non-Group positions and functions exercised over the past five years but no longer in effect:	
Positions in Group companies:	
None	<ul style="list-style-type: none"> . director of Smith&Nephew PLC (United Kingdom); . director of the company Shire PLC (Ireland); . director of Smiths Group (United Kingdom); . director of Biotech Promise SCA SICAV-SIF (Luxembourg).
Positions in companies outside of the Group:	
<ul style="list-style-type: none"> · chairman of the company OJB Conseil SAS (France); · director of Takeda PLC (Japan), company listed on the Tokyo et New-York stock exchanges; · chairman of the board of directors of the company Leo Pharma A/S (Denmark). 	

Philippe Capron, member of the supervisory board until December 15, 2020, and member of the board of directors since December 15, 2020

• Age and nationality	62 years, French
• First appointment	2004
• Current term ends	2022
• Number of shares held	442

- Chairman of the audit committee and member of the compensation committee since 2020

A graduate of HEC (business school) and the Institut d'Études Politiques de Paris, Philippe Capron is an ENA (National School of Administration) alumnus and served as Financial Inspector. Since 2018 Philippe Capron has been a Partner in the Investment Bank Perella Weinberg Partners France S.A.S.

List of positions

Current positions	Expired positions
<p>Positions in Group companies:</p> <p>None</p>	<p>Non-Group positions and functions exercised over the past five years but no longer in effect:</p> <ul style="list-style-type: none"> · director of the company Veolia Energie International (France); · chairman of the board of directors of the company Veolia Environnement Serves Re (France); · member of the supervisory board of the company Veolia Eau-Compagnie Générale des Eaux (France); · director of the Institut Veolia (France); · director of the company Véolia Environnement UK Ltd (United Kingdom); · chairman of the board of directors of the company Veolia North America Inc (United States); · director of the <i>Fondation d'Entreprise Veolia Environnement</i> (corporate foundation) (France); · director of Econocom Group SA/NV (Belgium), a company listed on the Euronext.
<p>Positions in companies outside of the Group: none</p>	

Solène Madelpuech, member of the supervisory board until December 15, 2020, and member of the board of directors since December 15, 2020

• Age and nationality	27 years, French
• First appointment	2017
• Current term ends	2021
• Number of shares held	10

Member of the supervisory board of Virbac, appointed by decision (co-optation) of the supervisory board of September 5, 2017 as a replacement of Jeanine Dick, who resigned.

Graduated with a BSc in management from Warwick business school and a Master in management from London business school. Head customers succes at Sight Diagnostics.

List of positions

Current positions	Expired positions
<p>Positions in Group companies:</p> <p>None</p>	<p>Non-Group positions and functions exercised over the past five years but no longer in effect:</p> <ul style="list-style-type: none"> · general manager UK of Sight Diagnostics (United Kingdom)
<p>Positions in companies outside of the Group:</p> <ul style="list-style-type: none"> · co-manager of the <i>société civile immobilière Samakeur MH</i> (France); · member of the supervisory board of the <i>société civile Investec</i> (France); <p>None of these companies are listed on a stock exchange.</p>	

Cyrille Petit, permanent representative of the company Cyrille Petit Conseil, member of the supervisory until December 15, 2020, and member of the board of directors since December 15, 2020

• Age and nationality	49 years, French
• First appointment	2019 (personally)
• Current term ends	2022
• Number of shares held by company	260
• Member of the audit committee	Personally until his resignation and since March 19, 2020 as legal representative of the company Cyrille Petit Conseil

A graduate of HEC-Paris (business school), his professional experience is as follows:

- since 2019: development and Strategy director (Bracco Group)
- 2019 strategy and mergers & acquisitions consulting
- 2012-2018: director of Development and chairman of Global Business Services and member of the executive committee (Smith & Nephew plc)
- 2008-2012: director of World Development and member of the board of management (General Electric Transportation).
- 2002-2008: director of Development (General Electric Healthcare)

Current positions	List of positions	Expired positions
		Non-Group positions and functions exercised over the past five years but no longer in effect: N/A

Positions in Group companies:

None

Positions in companies outside of the Group:

- president of the company Cyrille Petit Conseil, SAS (France);
- director of the company Reapplix A/S (Denmark);
- director of the company Flowonix Inc (United States);
- manager of the *société civile immobilière* Caducée (France);
- manager of the *société civile immobilière* Berteaux 2000 (France);
- manager of the *société civile immobilière* Familiale du Manoir de Kerminizy (France);
- director of the company Blue Earth Diagnostics Ltd (United kingdom);
- director of the company Blue Earth Diagnostics Inc (United States);
- director of Polerean Imaging PLC (United Kingdom);
- manager of SCI Happy Family (France).

None of these companies are listed on a stock exchange.

Sylvie Gueguen, member of the supervisory board, employee representative until December 15, 2020, and member of the board of directors employee representative since December 15, 2020

• Age and nationality	56 years, French
• First appointment	2018
• Current term ends	October 30, 2021
• Number of shares held	38

Director of Virbac's Preclinical and Clinical Biological Product Development department.

Current positions	List of positions	Expired positions
		Non-Group positions and functions exercised over the past five years but no longer in effect: none

Positions in Group companies:

None

Positions in companies outside of the Group:

None

Changes that have occurred within the membership of the supervisory board and committees during the 2020 financial year Situation as of December 15, 2020

	Departure ¹	Appointment	Reappointment
Supervisory board	. Marie-Hélène Dick-Madelpuech, chairwoman; . Pierre Madelpuech, vice-chairman; . Philippe Capron; . Solène Madelpuech; . OJB Conseil represented by Olivier Bohuon, permanent representative; . Cyrille Petit Conseil represented by Cyrille Petit, permanent representative.	. Cyrille Petit Conseil represented by Cyrille Petit, permanent representative appointed by co-optation on March 5, 2020.	. Solène Madelpuech . OJB Conseil represented by Olivier Bohuon.
Audit committee	Cyrille Petit	Cyrille Petit Conseil	
Compensation committee		Philippe Capron	

¹ End of term following change of governance structure

Attendance of supervisory board members in 2020 until December 15, 2020

Meetings until December 15, 2020	Supervisory Board attendance	Audit Committee attendance	Compensation Committee attendance
Marie-Hélène Dick-Madelpuech	100% present at meetings	N/A	Present at the meeting
Pierre Madelpuech	100% present at meetings	100% present at meetings	N/A
Olivier Bohuon, permanent Representative of OJB Conseil	100% present at meetings	N/A	Present at the meeting
Philippe Capron	100% present at meetings	100% present at meetings	Present at the meeting
Cyrille Petit, permanent representative of Cyrille Petit Conseil, co-opted by the board on March 19, 2020, ratified by the meeting on June 22, 2020	100% present at meetings after co-optation	100% present at the three meetings after co-optation	N/A
Sylvie Gueguen, employee Representative	100% present at meetings	N/A	N/A

The executive board until December 15, 2020

Executive board meetings

As required by the law, executive board members convened to report to the supervisory board on a quarterly basis and whenever business so required. In the course of 2020, the executive board held five formal meetings.

The distribution of functions and tasks among the members of the executive board was as follows:

- Sébastien Huron served as executive board chairman, thus overseeing global marketing and commercial operations; human resources; communications; health, safety and environment (HSE); and the board office;
- Christian Karst served as general manager and qualified person. He was also director of Development. Karst oversaw innovation, industrial and quality assurance, business development, corporate sourcing and the creative and regulatory affairs function (CreA);
- Habib Ramdani served as chief financial officer and was responsible for Group financial policy. He oversaw financial and legal duties as well as information systems and risk management.

Personal information of the members of the executive board

	Personal information of the members of the executive board				Position within the executive board	
	Age	Gender	Nationality	Number of shares	Initial date of appointment	End of term
Sébastien Huron Chairman of the executive board	50 years	Male	French	1,469	Year of the 1 st appointment: . as chairman: 2017 . as member of the executive board: 2012	December 15, 2020
Christian Karst General manager	62 years	Male	French	6,075	Year of the 1 st appointment: . as member of the executive board: 1996 . as general manager: 2013	December 15, 2020
Habib Ramdani	45 years	Male	French	200	Year of the 1 st appointment: 2016	December 15, 2020

Profile, experience and positions of the members of the executive board

Sébastien Huron, chairman of the executive board until December 15, 2020

• Age and nationality	50 years, French
• First appointment	. as chairman: 2017 . as member of the executive board: 2012
• Current term ends	December 15, 2020
• Number of shares held	1,469

Veterinary doctor, he joined the Virbac group in 2006. He has been a member of the executive board since December 2012.

List of positions

Current positions

Positions in Group companies:

- . director of the company Holding Salud Animal S.A. (Chile);
- . director of the company Bioanimal Corp S.A. (Chile);
- . director of the company Productos Quimicos Ehlinger S.A. (Chile);
- . director of the company Virbac Limited (United Kingdom).

Positions in companies outside of the Group:

- . manager of the company société civile immobilière P.A.T.H. (France);
- . manager of Société Civile Immobilière P.A.P.S. (France).

None of these companies are listed on a stock exchange.

Expired positions

Non-Group positions and functions exercised over the past five years but no longer in effect: none

Christian Karst, member of the executive board and general manager until December 15, 2020

• Age and nationality	62 years, French
• First appointment	. as member of the executive board: 1996 . as general manager: 2013
• Current term ends	December 15, 2020
• Number of shares held	6,075

Veterinary doctor, he joined Virbac in 1984.

Current positions	List of positions	Expired positions
Positions in Group companies:		
<ul style="list-style-type: none"> . director of the company Holding Salud Animal S.A. (Chile); . director of the company Bioanimal Corp. S.A. (Chile); . director of the company Productos Quimicos Ehlinger S.A. (Chile); . director of the company Virbac Limited (United Kingdom); . director of the company Asia Pharma Limited (Hong-Kong). 		
Positions in companies outside of the Group:		
<ul style="list-style-type: none"> . manager of the company société civile immobilière Karst (France); . manager of the company société civile immobilière SCI Pierre Karst (France). 		
None of these companies are listed on a stock exchange.		

Habib Ramdani, member of the executive board until December 15, 2020

• Age et nationality	45 years, French
• First appointment	as member of the executive board: June 2016
• Current term ends	December 15, 2020
• Number of shares held	200

Graduate of Centrale Paris, he was appointed deputy director of Financial Affairs effective February 1, 2016 and subsequently chief financial officer effective April 1, 2016.

Current positions	List of positions	Expired positions
Positions in Group companies:		
<ul style="list-style-type: none"> . director of the company Asia Pharma Limited (Hong Kong); . chairman of the company Interlab, SAS (France) ; . permanent representative of Virbac, director of the company Virbac Chile Spa (Chile); . permanent representative of Virbac, director of the company Virbac Patagonia Limitada (Chile); . director of the company Virbac Corporation (United States). 		
Positions in companies outside of the Group:		
None		

Changes that occurred within the membership of the executive board Situation as of December 15, 2020

	Departure	Appointment	Reappointment
Executive board	. Sébastien Huron ; . Christian Karst ; . Habib Ramdani.	N/A	N/A

Organization and representation of women and men on leadership committees

The strategic committee

The strategic committee, chaired by the chairman of the executive board, comprised of the following departments, represented as follows:

- Global Business Operations department;
- Corporate Financial Affairs department;
- Corporate Development department;
- Corporate Human Resources department;
- Global Industrial Operations and Corporate Quality Assurance department;
- Corporate Product Innovation department;
- Group Legal department;
- Corporate Sourcing department;
- Corporate Business Development department;
- Group Information Systems department;
- Corporate Communications department;
- Global Marketing and Business Optimization (GMBO) department;
- area directors: Europe, North America, Latin America, the Apisa area (Asia-Pacific-India-South Africa), and the director of the Aquaculture division.

The strategic committee's mission was to help develop and implement the Group's major strategic decisions, presented and approved by the supervisory board: strategy by business, by function and by major project. In this capacity, the members of the strategic committee were actively involved in providing the Group with major risk map updates on a regular basis.

The strategic committee consisted of four women and thirteen men.

The France committee

The France committee is chaired by the chairman of the executive board and comprises the following departments, represented as follows:

- Corporate Financial Affairs department;
- Corporate Human Resources department;
- French Industrial Operations department;
- Global Industrial Operations and Corporate Quality Assurance department;
- Corporate Communications department;
- Group Information Systems department;
- Virbac France;
- Group Pharmaceutical R&D department;
- Group Biology R&D department;
- Corporate Sourcing department;
- Group Legal department;
- Creations and Regulatory Affairs department;
- Global Marketing and Business Optimization (GMBO) department;
- Corporate EHS department.

The France committee was primarily responsible for decision-making, coordination and reporting on all issues affecting the Group's French companies and acts as a relay for the dissemination of information to the various departments.

The France committee is composed of five women and ten men.

At its meeting on September 15, 2020, the supervisory board noted, with regard to the company's policy on gender equality in the workplace, and more specifically with respect to the percentage of positions held by women and on promotions, training and compensation of women, that the indicators are good, with the exception of the most senior employees, where women are under-represented, a point which the company has undertaken to improve.

For several years, the company has been working to improve the percentage of women on its committees by helping female executives to reach positions of responsibility in the company and, in particular, to take the helm when there is a change of director or a reorganization of departments.

In France, the percentage of women in the top 10% of management positions is 33%. The company is aware that an effort must be made to improve the rate of representation of women among the 10% of positions with greater responsibilities and that this will be a key issue in coming years.

II – CORPORATE GOVERNANCE SINCE DECEMBER 15, 2020

Our governance is based on principles that provide the necessary balance required for the Virbac group's performance and successful development.

Separation of powers and collegiality

On December 15, 2020, the company adopted an organizational structure that integrates general management with the board of directors, now the most common form of governance for French listed companies. This organization meets the desire for a balance of power between executive and supervisory functions. It involves regular and effective dialogue between the general management and the board of directors, as well as mutual trust.

Collegiality is a key organizational principle in our governance. The operation of these two entities, the board of directors and the general management, is based on the search for a position shared by their respective members, and on collective decisions, the result of genuine teamwork. This organization guarantees efficiency and responsiveness while being with current governance codes in force, and in particular the Afep-Medef Code, which we use as a reference to regularly improve our practices in this area.

Committed and experienced management

Our governance is based on focused governing bodies, composed of members with a strong and long-term level of commitment. Their professional experience covers many aspects involved in the day-to-day management of a major international group. All but one of the members of the board of directors are senior executives with extensive operational management experience of international companies.

The members of governing bodies, whether the board directors or the general management, are committed to providing sustained support for the Group's long-term strategy. Moreover, the involvement of the board of directors members and the non-voting advisor is not limited to active participation in formal board debates. It also takes the form of regular informal discussions and periodic *ad hoc* meetings if circumstances so require.

THE BOARD OF DIRECTORS

Composition of the board of directors since December 15, 2020

	Personal information of the members of the board of directors				Position on the board of directors			Participation in board committees
	Age	Gender	Nationality	Number of shares	independence	Initial date of appointment	Term of office expires	
Marie-Hélène Dick-Madelpuech Chairwoman of the board	56 years	Female	French	1,635		Year of 1 st appointment: 1998	2021	Appointments and compensation committee
Pierre Madelpuech Vice-chairman	60 years	Male	French	110		Year of 1 st appointment: 1995	2022	Audit committee
Olivier Bohuon Permanent representative of OJB Conseil	62 years	Male	French	10	Independent member	Year of 1 st appointment: 2011 Permanent representative of OJB Conseil since December 2018	2023	Appointments and compensation committee
Philippe Capron	62 years	Male	French	442	Independent member ¹	Year of 1 st appointment: 2004	2023	. Audit committee . Appointments and compensation committee
Solène Madelpuech	27 years	Female	French	10		Year of 1 st appointment: 2017	2021	
Cyrille Petit Permanent representative of Cyrille Petit Conseil	50 years	Male	French	10	Independent member	Year of 1 st appointment: 2019 Permanent representative of Cyrille Petit Conseil since March 2020	2022	Audit committee
Sylvie Gueguen Employee representative	56 years	Female	French	38	N/A	Year of 1 st appointment: 2018	October 2021	
Non-voting advisor								
Xavier Yon Permanent representative of Xavier Yon Consulting Unipessoal Lda Non-voting advisor	80 ans	Male	French	N/A	N/A	Year of 1 st appointment: 2014 personally and as permanent representative of Xavier Yon Consulting Unipessoal Lda since December 2017	2021	

¹ First appointment to the supervisory board that preceded the board of directors established on December 15, 2020.

Organization of the board of directors

The company is managed by a board of directors composed of seven directors, including one employee representative.

The rules for appointing members of the board of directors correspond to the legal and statutory rules set out in article 10 of the articles of association, the main aspects of which are described herein below.

The directors shall be appointed by the ordinary shareholders' meeting, and who may be dismissed at any time.

A director, who is a natural person, cannot be appointed, nor can their respective term of office be renewed once they have reached the age of 70.

Each director must hold, or come to hold, within three months of their appointment, of at least ten (10) shares in a duly registered form.

The term of office of the directors is three years. Terms of office shall be renewed on a rotational basis in order to ensure the regular renewal of board members in the most equal proportion possible. On an exceptional basis, the ordinary shareholders' meeting may, in order to set up a such rotational system, appoint a Director for a term of one, two or three years. By way of derogation, the first directors may be appointed for a different term, subject to the stipulation that this term does not exceed three years.

Any outgoing member may be re-elected.

In the event of a vacancy due to the death or resignation of one or more directors, the board of directors may, in the interim of two general meetings, make temporary appointments, the same which shall be subject to ratification at the next ordinary shareholders' meeting.

Each director undertakes to comply with the obligations incumbent upon her or him in this capacity and, in particular, those relating to limits on the number of corporate terms of office they may hold.

The board of directors shall comprise, in addition to the directors whose number and method of appointment are set out in articles L225-17 and L225-18 of the French commercial code, one or two employee representative directors pursuant to the respective applicable provisions set out under law.

The number of employee representative directors shall be equal to two (2) when the number of directors referred to in articles L225-17 and L225-18 of the French commercial code is greater than eight (8), and one (1) if it is equal to or less than eight (8).

The employee representative director(s) shall be appointed by the Economic and social committee, in accordance with the legal and regulatory provisions.

Operation of the board of directors

The board of directors shall meet at least once every quarter and as often as the interests of the company may require, either at headquarters or at any other place indicated in the notice of meeting, or, may convene via teleconference.

Such shall be convened by the chairman, or vice-chairman in case of impediment of the chairman, or by the chief executive officer in case of impediment of the chairman and vice-chairman, by any means, even verbally.

In the event that the duties of the chief executive officer and the chairman of the board of directors are separate, the chief executive officer may also request that the Chairman convoke the board of directors as per a set agenda, or order of the day.

When the same has not met for more than two months, at least one-third of the board of directors may request that the chairman call a meeting as per a determined agenda.

The meetings of the board of directors shall be presided over by the chairman of the board of directors or, failing that, the vice-chairman. In the absence of both the chairman and vice-chairman, the board of directors shall designate, for each session, one of its members to chair the meeting.

To calculate the quorum and the majority, directors participating in the meeting by means of videoconference, conference call or any other means duly recognized under applicable legislation or statutes, except for the preparation of annual and consolidated accounts and the management report, are deemed to be present, within the limits provided under the law.

A director may be represented at a meeting by another director, the same who cannot hold more than one term of office.

Documents enabling the directors to make fully-informed decisions as to the items on the agenda shall be communicated to the directors within a reasonable period of time before the board meeting is held, except in the event of an emergency, or due to the need to maintain complete confidentiality.

The board of directors may, at each of its meetings, in the event of an emergency, and further to the proposal of the president, deliberate on matters not included in the agenda that have been communicated to it.

Outside of meetings, directors shall receive all important information relating to the company.

The board of directors shall meet in the presence of the chief executive officer as well as the chief financial officer in order to receive all information required in respect of the agenda. In the event that the board of directors must deliberate on matters concerning members of general management, said members shall be requested to excuse themselves from the meeting so that the board can debate and deliberate without their presence. In December 2020, part of the board meeting was held without the presence of the chief executive officer and the deputy chief executive officer.

In accordance with the provisions of the Afep-Medef Code, the board of directors shall conduct an annual assessment of its operations in order to improve the effectiveness of its work, and, at least once every three years, a formal assessment shall be performed, which may be carried out with the assistance of an external consultant.

The board of directors shall review its composition, organization and operation, and conducts a similar review of its committees.

Once a year, the board of directors shall devote an item on the agenda of one of its meetings to a discussion of its operations.

The purpose of this formal evaluation is threefold:

- to take stock of how the board and its committees operate;
- to verify that important issues are properly prepared and discussed;
- to assess the effective contribution of each director to the work of the board.

On March 16, 2021, the board meeting discussed the functioning of the supervisory board up to December 15, 2020, as well as that of the board of directors since December 15, referencing the formal evaluation carried out with the help of a detailed questionnaire. This evaluation shows that the board of directors and its committees function satisfactorily. Its members participate actively and express themselves freely, information flows smoothly, and its members work well as a team.

Pursuant to Act n°2018-727 of May 23, 2019 for business growth and transformation (the "PACTE" Law), the board of directors has implemented an internal control procedure for agreements related to routine transactions entered into under normal conditions in order to regularly assess whether these agreements meet and continue to meet these conditions (new paragraph of article L225-87 of the French commercial code).

The procedure for assessing whether agreements can be regarded as routine and normal is applied when an agreement has been entered into either directly or through an intermediary:

- between the company and its chief executive officer or one of its deputy chief executive officers, one of its directors, or between the company and a shareholder holding more than 10% of the voting rights or, in the case of a shareholder company, the company controlling it within the meaning of article L233-3 of the French commercial code, or between the company and a corporation, if the chief executive officer, one of the deputy chief executive officers or one of the directors of the company is an owner, partner with unlimited liability, manager, director, member of the supervisory board or, in general, a manager of this corporation;
- between two Group companies, except those wholly owned by the parent company.

The methodology used to assess whether these agreements are routine transactions entered into under normal conditions is as follows:

- the Financial Affairs department and the Legal department meet whenever necessary to review new agreements and the relevance of the criteria used for the distinction between routine and regulated agreements, and, with regard to current agreements, to consider whether or not to reclassify these due to circumstances that may result in modification of the criteria used upon conclusion;
- if agreements are classified as regulated agreements, the procedure provided by law shall be applied under the supervision of the legal department;
- the list and information regarding the current routine agreements are conveyed annually to the board of directors to allow it to assess, when deemed necessary, whether the agreements remain in compliance with normal and routine conditions;
- pursuant to the law, individuals directly or indirectly involved in any of these agreements shall not participate in its evaluation.

Policy of staggered terms for the board of directors

Terms of office for members of the board of directors have been staggered to comply with the recommendations of the Afep-Medef Code.

Responsibilities of the board of directors

The board of directors deliberates on all the relevant questions of its legal and regulatory responsibilities.

The board of directors strives to foster the creation of long-term value of and by the company, by taking into account the social and environmental challenges of its business activities. The board of directors can propose, if necessary, any changes to the articles of association that it considers appropriate.

The board of directors determines the strategic direction of the company's activities, decides on major operations and ensures their implementation. With the exception of the powers expressly attributed to shareholders' meetings and within the limits of the company's purpose, the board takes up any issue involving the proper operation of the company and settles matters concerning it through its deliberations.

It shall also carry out the checks and verifications that it deems appropriate.

The board of directors performs the following principal functions:

- it chooses its governance structure (separation or unification of the functions of chairman and chief executive officer);
- it appoints and dismisses the company officers;
- it establishes the compensation of the chairman, chief executive officer and deputy chief executive officers;
- it authorizes the granting of sureties, endorsements and guarantees;
- it authorizes, prior to their conclusion, the regulated agreements;
- it establishes a procedure for regularly assessing whether current agreements entered into under normal conditions meet these conditions;

- it approves the annual statutory and consolidated financial statements, the interim financial statements, and the forecast management documents;
- it approves the terms of the management report and the report on corporate governance;
- it convenes and approves the agendas for shareholder general meetings;
- it approves the annual budget;
- it verifies the quality and fairness of the information provided to shareholders as well as to the financial market, in particular through financial statements and the annual report;
- it expresses its opinion on all decisions relating to the company's major strategic, economic, social, financial and technological orientations and ensures their implementation by general management;
- it remains continually informed of market trends, the competitive environment and the main challenges facing the company, including in the area of social and environmental responsibility;
- it regularly examines, in relation to the defined strategy, opportunities and risks such as financial, legal, operational, social and environmental risks, as well as the measures taken in respect thereof;
- it ensures, where appropriate, that a system for the prevention and detection of corruption and influence-peddling is in place and receives all information necessary for this purpose;
- it shall also ensure that the executive officers implement a policy of non-discrimination and diversity, in particular with regard to the balanced representation of women and men in management bodies;
- it deliberates on the company's policy in terms of professional and salary equality between all employees and between women and men;
- it establishes, further to the recommendation of general management, targets for gender diversity within the management bodies. It also describes the gender diversity policy applied to the management bodies in the corporate governance report, as well as the objectives of this policy, the procedures for implementing it and the profit obtained during the past financial year, and, where appropriate, the reasons why the objectives were not achieved, and the measures taken to remedy the situation;
- it decides on the creation of committees;
- it is consulted for prior approval of any operation deemed to be major at the Group level, involving investment, organic growth, external acquisition, disposals or internal restructuring, particularly if it falls outside the company's announced strategy.

Prior authorizations from the board of directors

Notwithstanding the legal provisions relating to the authorizations that must be granted by the board (regulated agreements, endorsements and guarantees), the following are subject to prior authorization by the board due to their nature or their significance:

- acquisitions or disposals of assets, or investments not included in the annual investment budget involving amounts more than 30 million euros each, or, for investments below this threshold, leading to a cumulative multi-year budget in excess of 30 million euros for a single project;
- issues and/or operations substantially affecting the Group's strategy, financial structure or scope of activity;
- financial transactions with a material impact on the Group's statutory accounts or consolidated accounts, and in particular (within the framework of the authorizations that may be granted by the shareholders' meeting) the issuing of securities that give access to capital or market debt instruments;
- the allocation of incentive instruments to employees, thus granting access to the company's capital, in particular shares subject to performance conditions (within the framework of authorizations that may be granted by the meeting of shareholders).

Each year, the board of directors shall determine the number of permanent authorizations granted to the chief executive officer and which relate to sureties, endorsements, guarantees and securities granted by Virbac (within the Group or granted in order to guarantee the obligations of French or foreign third parties).

Board of directors' internal company bylaws

The board of directors appointed by the shareholders' meeting of December 15, 2020, adopted its internal bylaws at its first meeting held on December 15, 2020. The internal bylaws govern the operation of the board and its committees, as well as the board's duties and powers. The internal bylaws also specify the rights and duties of the board of directors and, in particular, the code of ethics that applies to board members. In accordance with the recommendations of the Afep-Medef Code, it establishes rules for cases requiring prior approval by the board. The internal bylaws are published on the website <https://corporate.virbac.com/en/home.html>.

Criteria for director independence

At its meeting on March 16, 2021, the board of directors reviewed the independence criteria for its members in view of the criteria set out in the Afep-Medef Code.

Criteria for independent directors set out in the Afep-Medef Corporate governance code:

Criterion 1: employee corporate officer within the past five years

Not to be and not to have been within the previous five years:

- an employee or executive officer of the company;
- an employee, executive officer or director of a company consolidated within the corporation;
- an employee, executive officer or director of the company's parent company or a company consolidated within this parent company.

Criterion 2: cross-directorships

Not to be an executive officer of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the corporation (currently in office or having held such office within the last five years) holds a directorship.

Criterion 3: significant business relationships

Not to be a customer, supplier, commercial banker, investment banker or consultant:

- that is significant to the corporation or its group;
- or for which the corporation or its group represent a significant portion of its activity.

The evaluation of the significant otherwise of the relationship with the company or its group must be debated by the board, and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the annual report.

Criterion 4: family ties

Not to be related by close family ties to a company officer.

Criterion 5: auditor

Not to have been an auditor of the corporation within the previous five years.

Criterion 6: period of office exceeding twelve years

Not to have been a director of the corporation for more than twelve years. Loss of the status of independent director occurs on the date of the 12th anniversary.

Criterion 7: status of non-executive officer

A non-executive officer cannot be considered independent if he or she receives variable compensation in cash or in the form of securities or any compensation linked to the performance of the corporation or group.

Criterion 8: status of the major shareholder

Directors representing major shareholders of the corporation or its parent company may be considered independent, provided that these shareholders do not take part in the control of the company. Nevertheless, beyond a 10% threshold in capital or voting rights, the board, upon a report from the nominations committee, should systematically review the qualification as independent, in the light of the make up of the corporation's capital and the existence of a potential conflict of interest.

The board of directors noted that Philippe Capron's term of office had reached twelve years as of August 2016 but considered that the criterion of more than twelve years of service as member of the supervisory board, who has become a member of the board of directors since December 15, 2020, would not automatically entail the loss of independence of said board member.

Wherefore, the board considers:

- that seniority, even if more than twelve years, may enable a member of the board of directors to strengthen his or her ability to question the executive officers and may be accompanied by a greater degree of independence. It is this capacity that the board is asked to assess on a case-by-case basis in order to determine the independence of its members;
- that it is important for board members to have a good understanding of the Group, with the ability to stand back and make informed judgments about major strategic orientations and to put these into perspective in the light of past decisions and actions;
- that the executive functions currently performed or which have been performed by board members in companies other than Virbac bolster their authority whilst constituting a guarantee of the independence of their judgments.

In addition, the board of directors discussed whether significant ties existed between the members considered to be independent and the company or one of the Group's companies.

The board of directors noted that none of these members had a direct or indirect business relationship with the company, or the Group and, in particular, that none of the aforementioned members was a "customer, supplier, corporate banker or investment banker" of the company or Group and that none of these members had established any particular interest or special relationship with the Group or its officers.

Accordingly, the board of directors declared that three members of the board, apart from the member of the board representing the employees, namely:

- Philippe Capron;
- Olivier Bohuon, permanent representative of OJB Conseil;
- Cyrille Petit, permanent representative of Cyrille Petit Conseil;

meet all the independence criteria of the Afep-Medef Code, with the exception of the criterion of seniority as regards Mr. Capron, but decided not to retain the criterion of more than twelve years of seniority as a criterion which would automatically cause Philippe Capron to lose his independence status and has therefore confirmed the independence of all three of the members mentioned herein above.

As regards the diversity of its composition, the board of directors policy aims to maintain the current level of corporate diversity, particularly with regard to the skills of its members.

Lastly, it should be noted that no member of the board of directors combines his or her mandate with an employment contract within the Virbac group.

Attendance of members of the board of directors

First meeting of the board of directors on December 15, 2020	Board of directors attendance	Audit committee attendance	Appointments and compensation committee attendance
Marie-Hélène Dick-Madelpuech	Present at the meeting	N/A	N/A
Pierre Madelpuech	Present at the meeting	N/A	N/A
Olivier Bohuon, permanent representative of OJB Conseil	Present at the meeting	N/A	N/A
Philippe Capron	Present at the meeting	N/A	N/A
Cyrille Petit, permanent representative of Cyrille Petit Conseil, co-opted by the board on March 19, 2020, ratified by the meeting on June 22, 2020	Present at the meeting	N/A	N/A
Sylvie Gueguen, employee representative	Present at the meeting	N/A	N/A

**Changes that occurred within the membership of the board of directors and committees during the 2020 financial year.
Situation as of December 31, 2020**

	Departure	Appointments on December 15, 2020	Reappointment
Board of directors		<ul style="list-style-type: none"> . Marie-Hélène Dick-Madelpuech, chairwoman; . Pierre Madelpuech, vice-chairman; . Philippe Capron; . Solène Madelpuech; . OJB Conseil represented by Olivier Bohuon, permanent representative; .Cyrille Petit Conseil represented by Cyrille Petit, permanent representative; . Sylvie Gueguen¹. 	
Audit committee		<ul style="list-style-type: none"> . Philippe Capron, chairman; . Pierre Madelpuech; . Cyrille Petit, permanent representative of Cyrille Petit Conseil. 	
Appointments and compensation committee		<ul style="list-style-type: none"> . Marie-Hélène Dick-Madelpuech; . Philippe Capron; . Olivier Bohuon, permanent representative of OJB Conseil. 	

¹ Continuation of the mandate previously exercised within the supervisory board

Summary table of criteria applied to each member of the board of directors

Criteria ¹	Marie-Hélène Dick-Madelpuech	Pierre Madelpuech	Solène Madelpuech	Philippe Capron	Olivier Bohuon, permanent representative of OJB Conseil	Cyrille Petit permanent representative of Cyrille Petit Conseil
Criterion 1: employee corporate officer within the past five years	✓	✓	✓	✓	✓	✓
Criterion 2: cross-directorships	✓	✓	✓	✓	✓	✓
Criterion 3: significant business relationships	✓	✓	✓	✓	✓	✓
Criterion 4: family ties	X	X	X	✓	✓	✓
Criterion 5: auditor	✓	✓	✓	✓	✓	✓
Criterion 6: period of office exceeding twelve years	✓	✓	✓	✓ ²	✓	✓
Criterion 7: status of non-executive officer	✓	✓	✓	✓	✓	✓
Criterion 8: status of the major shareholder	X	✓	✓	✓	✓	✓

¹ In this table, "✓" signifies that a criterion for independence is satisfied and "X" signifies that a criterion for independence is not satisfied

² See above explanations

Committees of the board of directors

The board of directors is assisted in its work by two committees, an audit Committee and an appointments and compensation committee, which have advisory powers and carry out their activities under the responsibility of the board of directors, which alone has the legal power to make decisions and remains ultimately accountable for the performance of its duties.

The committees may request external technical studies on subjects within their competence, at the company's expense, after informing the chairman of the board of directors or the board of directors and reporting to the board.

Acting within its area of competence, each committee shall issues proposals, recommendations and opinions as appropriate, and report on its tasks to the next meeting of the board of directors.

Audit committee

The audit committee is responsible for:

- controlling the monitoring of the financial reporting process and the review of the annual financial statements;
- controlling the existence and effectiveness of the internal control and risk management systems;
- issuing a recommendation on the statutory auditors proposed for appointment by the shareholders' meeting;
- monitoring the achievement by the statutory auditors of their duties;
- ensuring that the statutory auditors comply with the conditions of independence;
- approving the provision by the statutory auditors of non-prohibited services other than certifying accounts;
- and reporting to the board of directors on the performance of its duties.

On December 15, 2020, the board of directors decided to appoint as member of the audit committee:

- Philippe Capron, chairman;
- Pierre Madelpuech;
- Cyrille Petit permanent representative of Cyrille Petit Conseil.

Compensation and appointment committee

At its meeting on December 15, 2020, the board of directors decided to entrust the compensation committee with new tasks relating to the appointment of members of the board of directors and executive officers. Consequently, this committee is now called the "compensation and appointment committee".

The main tasks of the compensation and appointment committee are the following:

- formulating proposals and examining applicants for the positions of administrators or members of the general management;
- ensuring the implementation of a succession plan for the members of the general management;
- drawing up recommendations and proposals regarding the compensation of the members of the general management;
- remaining informed about the Virbac group's general human resources policy and more specifically, the compensation policy for the Virbac group's main executives;
- reviewing proposals and conditions relating to stock grants;
- drawing up proposals regarding the amounts of directors' fees to be paid to the members of the board of directors.

The board of directors has appointed as members of the compensation and appointment committee:

- Marie-Hélène Dick-Madelpuech, chairwoman;
- Philippe Capron;
- Olivier Bohuon, permanent representative of OJB Conseil.

The non-voting advisor

Xavier Yon Consulting Unipessoal Lda, represented by Xavier Yon, a non-voting advisor, was re-nominated as a non-voting advisor at the shareholders' meeting held on December 15, 2020.

The non-voting advisor shall attend board meetings in an advisory and non-decision-making capacity.

The non-voting advisor is bound by the same confidentiality obligations as a director. He receives all documents and notices communicated to the members of the board of directors.

Xavier Yon permanent representative of the company Xavier Yon Consulting Unipessoal Lda, non-voting advisor

• Age and nationality	80 years, French
• 1st appointment	2014
• Current term ends	2021

Graduate of the Faculté des Sciences de Paris and the Harvard business school, formerly president and CEO of Laboratoires Galderma. Since June 2019 he acts as president of the Fondation d'Entreprise Virbac (corporate foundation).

He has been member of the supervisory board, either personally or as a legal representative of the XYC company, from 2004 until the end of 2013.

Since 2014 he is permanent representative of the company XYC, and then of the company Xavier Yon Consulting Unipessoal Lda, acting as non-voting advisor.

GENERAL MANAGEMENT

The general management of the company is assumed by a chief executive officer who is not a member of the board of directors. His mission is to ensure the strategic and operational management of the Group.

The chief executive officer is assisted by two deputy chief executive officers and is supported by a Group executive committee. The general management reports on its strategic choices and performance to the board of directors.

At its December 15, 2020 meeting, the board of directors appointed:

- Sébastien Huron, chief executive officer;
- Habib Ramdani, deputy chief executive officer;
- Marc Bistuer, deputy chief executive officer – qualified person.

The veterinary pharmaceutical activity carried out by our company is governed by the provisions of the French public health code and, in particular, by article L5142-1 of the French public health code, according to which any company manufacturing, importing, exporting or wholesaling veterinary drugs must be owned by a pharmacist, a veterinarian or a company in whose administration or general management a pharmacist or veterinarian is involved. Pharmacists or veterinarians are called in this context "qualified persons".

In accordance with the provisions set out in article R5142-33 of the French public health code, the qualified person must be, in the context of public limited companies, the chairman of the board of directors who holds the status of general manager, or the chief executive officer or a deputy chief executive officer.

Distribution of responsibilities between the chief executive officer and the deputy chief executive officers

At its meeting of December 15, 2020, the board of directors approved the distribution of functions and responsibilities between the chief executive officer and the deputy chief executive officers as follows:

- Sébastien Huron serves as chief executive officer and in this capacity oversees innovation, the creations and regulatory affairs function, the aquaculture division, communications, and the board office's administration;
- Habib Ramdani is deputy chief executive officer and chief financial officer and is responsible for the Group financial policy. He oversees the finance, corporate sourcing (purchasing), legal, information systems and risk management;
- Marc Bistuer is deputy chief executive officer and Virbac's qualified person. He oversees the Group industrial operations, quality assurance and HSE.

General management personal information

	General management personal information				Position within General management	
	Age	Gender	Nationality	Number of shares	Initial date of appointment	End of term
Sébastien Huron Chief executive officer	50	Male	French	1,469	Date of appointment: December 15, 2020	December 2023
Habib Ramdani Deputy chief executive officer	45	Male	French	200	Date of appointment: December 15, 2020	December 2023
Marc Bistuer Deputy chief executive officer	52	Male	French	6,900	Date of appointment: December 15, 2020	December 2023

Group executive committee

The Group executive committee is composed of seven members: the chief executive officer and the deputy chief executive officers and four other members appointed by the general management. These members work closely together and take decisions on a collegial basis. This manner of co-operation encourages joint reflection and teamwork; Whether for long-term vision or operational needs, exchanges between the members of the Group executive committee are frequent, enabling a high level of responsiveness in decision making. It is made up of two women and five men.

The Group executive committee is composed of the following members:

- Sébastien Huron, chief executive officer;
- Habib Ramdani, deputy chief executive officer;
- Marc Bistuer, deputy chief executive officer;
- Francesca Cortella, head of Group Human Resources;
- Bertrand Havrileck, director of Pharmaceutical and Biological R&D;
- Nathalie Pollet, director, Global Marketing and Business Optimization;
- Hubert Trentesaux, director of Global Commercial Operations.

The France executive committee

The France executive committee is composed of fifteen members: the chief executive officer and one deputy chief executive officer and thirteen other members appointed by general management. This committee is responsible for decision-making, coordination and reporting on all issues affecting the Group's companies in France, and represents a platform from which information is disseminated to the various departments. It is constituted by five women and ten men.

The France executive committee is composed of the following members:

- Sébastien Huron, chief executive office;
- Habib Ramdani, deputy chief executive office;
- the director of Corporate Quality Assurance;
- the director of French Industrial Operations;
- the chairwoman of Virbac France;

- the director of Corporate Communications;
- the director of Group Human Resources;
- the director of Pharmaceutical & Biological R&D;
- the director of Corporate Industrial department;
- the chief information officer;
- the director of Group HSE;
- the director of Global Marketing and Business Optimization;
- the director of the Group Legal department ;
- the director of Corporate Sourcing;
- the director of the Creations and Regulatory Affairs department.

With regard to the policy of gender diversity in management bodies, the board of directors, acting further to a proposal from general management, has established a gender diversity objective for the above-mentioned management bodies according to which 30% of the total number of seats in these two bodies shall be held by women. As this objective is currently exceeded (ratio of 32%), it will be up to general management to ensure that this quota is maintained.

SUMMARY TABLE OF EXCEPTIONS TO THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE

Recommendations of the Afep-Medef Code (The "Code")	Company practices and justifications	Reference
<p>Member of the board of directors qualified as independent (article 9.5.6 to the Code) The loss of independent (director) status occurs on the twelve-year anniversary date</p>	<p>Philippe Capron reached twelve years' seniority in August 2016. The board of directors considers that the length of tenure criterion of more than twelve years for a member of the board does not automatically lead to the loss of independence of said board member.</p> <p>Indeed, the board of directors considers:</p> <ul style="list-style-type: none"> · that seniority, even of more than twelve years, may enable a member of the board of directors to strengthen his or her ability to question general management and may be accompanied by a greater degree of independence. It is this capacity that the board is asked to assess on a case-by-case basis to determine the independence of its members, it being specified: -that it is important for board members to have a good understanding of the Group, with the ability to stand back and make informed judgments about major strategic orientations and to put them into perspective with decisions and actions taken in the past; · that the leadership functions exercised by members of the board of directors in companies other than Virbac strengthen their authority and constitute a guarantee of the independence of their judgment. <p>Nevertheless, given the presence of two other independent members on the board, which has six members, apart from the director representing the employees, the proportion of independent directors amounts to one-third even without taking into account the presence of Mr. Capron.</p>	<p>pages 103 and 104</p>
<p>Compensation and appointment committee – Committee overseeing compensation chaired by an independent member (article 18.1 of the Code)</p>	<p>The company has deemed it preferable that the compensation committee be chaired by a member of the board of directors who represents the family majority shareholder. It should be noted that because of the division between the board of directors and general management, the committee acts independently of executive officers whose compensation it discusses.</p>	<p>page 107</p>
<p>Non-competition clause (article 24.3 of the Code) The board provides for a stipulation authorizing it to waive the implementation of this agreement upon the departure of the chief executive officer</p>	<p>Given the scope of the non-competition clause, Sébastien Huron's length of service with the company and his profession as a veterinarian, the board agreed not to waive the non-competition clause in the event of the chief executive officer leaving the company before the age of 60.</p>	<p>page 115</p>

SPECIAL PROCEDURES REGARDING SHAREHOLDER PARTICIPATION AT SHAREHOLDERS' MEETINGS

Shareholders' meetings are called and deliberate in the legally required manner. Meetings are either held at the head office or at any other place specified in the meeting notice. Meetings are chaired by the chairwoman of the board of directors. The roles of scrutineers are filled by the two members of the shareholders' meeting with the

highest numbers of votes and who accept this position. The meeting's board appoints the secretary, who needs not be a shareholder.

The company reserves the right to modify these terms and conditions for the shareholders' meeting to be held in 2021 as a result of the Covid-19 pandemic, in accordance with the legislative and regulatory provisions made to take account of these exceptional circumstances.

The main powers of the ordinary shareholders' meeting consist of the right to approve or reject the parent statutory accounts and the consolidated accounts, to allocate profits, to decide on the distribution of dividends, to appoint or dismiss the members of the board of directors and to appoint the statutory auditors. The ordinary shareholders' meeting also has the right to vote on the compensation of company officers. Decisions by the ordinary shareholders' meeting are made by a majority of the votes of shareholders present or represented.

The extraordinary shareholders' meeting may make decisions such as amending the articles of association, authorizing financial transactions that may change the share capital, approving or rejecting proposed mergers or spin-offs and granting or refusing shares subscription or purchase options plans or performance-related stock grants. Decisions of the extraordinary shareholders' meeting are made by a two-thirds majority of the votes of the shareholders present or represented.

Irrespective of the number of shares he or she owns, any shareholder is entitled to attend the shareholders' meeting or to be represented there by another shareholder, a spouse, the partner with whom he or she has entered into a civil solidarity pact under French law as well as by any other individual person or legal entity of his or her choice, or alternatively to vote by mail. Legal entity shareholders attend general shareholders' meetings through their legal representatives or any person they appoint for the purposes thereof. In line with the law, the entitlement of shareholders to attend shareholders' meetings in person, by proxy or by mail is subject to the registration of the shares in the name of the shareholder or in the name of the intermediary acting on his behalf, on the second business day prior to the meeting, no later than midnight Paris time, either in the registered share accounts administered for the company by its agent or in the bearer share accounts held by the authorized banking or financial intermediary, acting as security custodian.

The registration of shares in the bearer share accounts held by the authorized intermediary must be confirmed by a certificate issued by the latter, attached to the postal voting or proxy form or admission card request filled out in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary. To be valid, postal voting or proxy forms must have been effectively received at the company's headquarters or the location specified in the meeting notice at the latest three days prior to the date set for the shareholders' meeting, except where a shorter period is specified in the meeting notice.

Each shareholder is entitled to exercise as many votes as the shares they hold or represent without limitation. Nevertheless, a double voting right is granted to all fully paid-up shares that have been registered in the name of the same shareholder for at least two years.

COMPENSATION OF COMPANY OFFICERS

The legal regime governing the compensation of company officers was amended by the Act n°2019-486 of May 22, 2019, known as the "PACTE law", and for its implementation, by Ordinance n°2019-1234 of November 27, 2019 and Decree n°2019-1235 of the same day.

In accordance with article L22-10-8 of the French commercial code, the board of directors, on the recommendation of the compensation and appointment committee, establishes a policy for the compensation of company officers.

The principles and criteria for determining, allocating and granting the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to directors and officers are presented below.

The board of directors and the compensation and appointment committee take into account and apply the principles recommended by the Afep-Medef Code, *i.e.* comprehensiveness, balance between the elements of compensation, comparability, consistency, understandability of the rules and proportionality. They ensure that the compensation policy is in line with the company's interests, contributes to its sustainability and is consistent with its business strategy.

The shareholders' meeting will be asked to vote on the compensation policy for company officers for their term of office, for the 2021 financial year, as described below, and to approve the compensation components paid or allocated to company officers for the 2020 financial year.

COMPENSATION POLICY FOR EXECUTIVES AND NON-EXECUTIVE OFFICERS

On December 15, 2020, the company adopted an organization that includes a general management and a board of directors.

General principles

In the interests of the company and its shareholders, the board of directors defines a compensation policy that achieves the following objectives:

- attract and retain the best talent, essential to the company's development. The proposed compensation must therefore be competitive, in line with the skills required by the company and in line with market practices;
- define a balanced compensation structure that reflects the executive's level of responsibility;
- promote performance and long-term growth and align the interests of company officers with those of the company and its shareholders. As such, the compensation of company officers is subject to performance conditions;
- take into account the conditions of compensation and employment of Virbac employees;
- take into account the company's social and environmental objectives. The performance criteria include non-financial objectives in the social and environmental fields in order to promote the company's development in an environmentally friendly manner and with a long-term approach.

The compensation policy for company officers is established by the board of directors, on the recommendation of the appointments and compensation committee.

With regard to the members of the board of directors, the shareholders' meeting determines the annual total amount allocated to the members of the board of directors as compensation for their director duties. The board of directors shall then determine the rules for the distribution of this annual aggregate amount among the directors.

With regard to non-executive officers (chairwoman of the board of directors) and executive officers (chief executive officer and deputy chief executive officers), the compensation and appointment committee assesses the compensation policy on an ongoing basis and examines any adjustments to be made to this policy.

In order to prepare the compensation policy for company officers, the appointments and compensation committee conducts an analysis of the applicable governance rules and developments in this area and takes note of the expectations expressed by investors.

The compensation policy for company officers is determined taking into account the compensation and employment conditions of the company's employees. The compensation and appointment committee and the board of directors establish a compensation structure for company officers that is consistent with that applicable to the company's and the Group's main executives.

At the beginning of the year, the compensation and appointment committee reviews the compensation policy for directors, the chairwoman of the board, the chief executive officer and the deputy chief executive officers. It determines the various components of the compensation policy in light of the principles set out above, in particular the fixed and variable components of compensation.

The compensation and appointment committee also assesses the achievement of the various objectives set for the previous year. The variable portion due for fiscal year N is paid, if applicable, during fiscal year N+1 after the shareholders' meeting, subject to a favourable vote by the shareholders.

Long-term compensation, if any, takes the form of performance-related stock grants, for which the appointments and compensation committee proposes ambitious performance criteria. It proposes the number of performance-related stock grants to be allocated to company officers.

On the basis of the work of the compensation and appointment committee, the board of directors:

- defines the compensation policy for company officers for the current financial year;
- evaluates the performance of executive officers and approves the annual variable compensation for the previous financial year;
- approves, where appropriate, the terms of the long-term incentive plans and grants performance-related stocks for the current financial year.

The decision-making process followed for the determination of the compensation policy is also applicable in case of review.

In order to prevent conflicts of interest, the chairwoman of the board of directors, who presides over the compensation and appointment committee, does not take part in the work of this committee or in the vote in the board of directors concerning her own compensation.

Directors are required to disclose to the board any situation of conflict of interest, even potential in nature, in accordance with article 4.4 of the board of directors' internal bylaws, an extract of which is reproduced below.

"Each director must act in all circumstances in the interest of the company, regardless of any other interest. Each director must ensure not to engage in any activity that would place him or her in a situation of conflict of interest *vis-a-vis* the company.

In a situation where a conflict of interest arises or may arise between the company's interests and his or her direct or indirect personal interest, or that of the shareholder or group of shareholder s/he represents, the director concerned must :

- inform the board of directors as soon as he or she becomes aware of the situation;
- as well, draw the consequences in respect of his/her mandate. As appropriate, s/he must:
 - abstain from participating in the vote of the corresponding deliberation,
 - or, not attend the board meeting in which the member finds him/herself in a conflict of interest situation.

A director who feels that he or she is no longer able to fulfill his or her role on the board must resign."

These rules also apply to the non-voting advisor.

All elements of the compensation policy for company officers will be submitted to a vote at the following meeting of shareholders of Virbac.

Compensation policy for members of the board of directors and the non-voting advisor

Fixed and variable compensation

The meeting of shareholders shall establish the maximum annual amount that may be allocated to the members of the board of directors as well as to the non-voting advisor as compensation for the fulfilment of their respective mandate.

The directors' compensation policy sets out the criteria for the allocation of this amount. The method of distribution of compensation takes into account the actual participation of the directors in the board and in the committees. The compensation of directors includes a variable component.

The following criteria are taken into account to determine the distribution of the maximum annual global amount set by the shareholders' meeting between the directors and the non-voting advisor:

- attendance at formal meetings;
- presence or absence at board committees;
- participation in preparatory meetings for formal meetings.

This policy encourages attendance and effective participation of board members in the board and committee work. Board members' involvement in the company's management activities is not limited to their participation in periodic formal board discussions. The length of board meetings, which last for over half a day, makes it possible to affirm that the current allocation mechanism guarantees the attendance of the board members.

On March 16, 2021, the board of directors decided that the amount of compensation paid to each member of the board of directors could vary according to his or her participation in board meetings (based on four meetings per year) as follows:

- attendance at least 75% of the board meetings will result in 100% compensation;
- attendance at 50% of the board meetings will result in 75% compensation;
- attendance at 25% of the board meetings will result in 50% compensation.

The shareholders' meeting held on June 22, 2020, allocated to the members of the supervisory board and to the non-voting advisor the total sum of €160,000.

A proposal will be made at the meeting of shareholders on June 21, 2021, to vote on the allocation of a total amount of €178,500 to the members of the board of directors and the non-voting advisor for the year 2021. This sum will be distributed by the board of directors between its members and the non-voting advisor according to the criteria described in this section.

Extraordinary compensation

Extraordinary compensation may be granted to certain members of the board of directors for any specific duties entrusted to them by the board of directors. The board of directors determines its amount.

Contract of employment or services concluded with the company

No employment or service contract has been concluded between the company and the members of the board of directors and the non-voting advisor.

Compensation policy for the chairwoman of the board of directors

Compensation of the chairwoman of the board of directors consists of:

- a fixed amount in respect of her directorship, the amount of which is calculated in accordance with the criteria applicable to all directors as presented above;
- a fixed amount for her duties as chairwoman, the amount of which is decided by the board of directors.

No fixed or variable compensation other than that mentioned above is paid by the company to the chairwoman of the board of directors.

In accordance with the recommendations of the Afep-Medef Code, the compensation of the chairwoman of the board of directors consists solely of a fixed salary. The chairwoman of the board of directors does not receive any variable compensation (annual or long-term incentive), nor does she have any retirement or pension benefits, nor does she receive a post-mandate compensation (severance pay or non-competition pay) of any kind.

On September 15, 2020, the board of directors decided to maintain the amount of compensation of its chairwoman at €95,000 (unchanged since 2013).

Compensation policy for company officers

Chief executive officer compensation policy

The compensation policy for the chief executive officer provides for a balanced distribution between the three components of total annual compensation: fixed compensation, variable compensation and long-term compensation.

The board of directors reserves the right, in the event that a new chief executive officer is appointed, to allow him or her to benefit from a severance payment and/or performance-related stock grants to compensate for the loss of the benefits that he or she previously enjoyed, pending approval by the shareholders' meeting of a new compensation policy.

All elements of the chief executive officer's compensation policy will be submitted to the vote at Virbac's next shareholders' meeting.

Employment contract

The chief executive officer does not have an employment contract.

Fixed compensation

The fixed compensation of the chief executive officer reflects the responsibilities, experience and missions entrusted to him.

On March 16, 2021, the board of directors decided to increase the gross annual amount to €383,700 for 2021.

Variable compensation

The chief executive officer has a variable compensation target that represents a percentage of his or her fixed compensation. It takes into account the missions entrusted to him as well as his responsibilities and experience. This variable compensation is consistent with the company's compensation practices.

The board sets out the financial and non-financial criteria for determining the chief executive officer's variable compensation and the targets to be reached. It ensures that the criteria and targets are aligned with Virbac's strategic key issues and annual priorities. It gives precedence to quantitative criteria over qualitative criteria that, when these exist, suggest a limited portion of the variable compensation. Finally, the board of directors is careful to ensure that the criteria are simple and easy to understand.

The amount actually attributable to the chief executive officer in respect of a given financial year will depend on the extent to which the objectives for that year are achieved, as defined by the board of directors, which meets each year in March, following the advice of the appointments and compensation committee. The degree to which each of these objectives can be achieved at 100% is strategic information that cannot be made public for confidentiality reasons.

On March 16, 2021, the board of directors decided to set the variable compensation of the chief executive officer for the 2021 financial year on the basis of a gross target bonus of €203,400 (corresponding to 100% of the objectives achieved).

The actual amount of gross annual variable compensation paid for 2021 will depend on the extent to which quantitative and qualitative targets, including a CSR criterion, are met. This is determined as follows:

Criteria	Weighting (if all objectives are 100% achieved)
Group revenues as budgeted	37.70 %
Ebita before RDL (localized disposable income) as budgeted	42.40 %
Level of debt relief as budgeted	14.10 %
CSR objective	5.70 %

The CSR objective will be determined 50% on the implementation of a policy applicable to the French vehicle fleet favoring hybrid and electric vehicles with a view to reducing CO₂ emissions, and 50% on the implementation of a detailed roadmap aimed at sustaining the improvement in the accident frequency rate of recent years.

The variable compensation allocated for the 2021 financial year will be determined a posteriori by a decision of the board of directors after consultation with the compensation and appointment committee, taking into account the rules below.

The rules for allocation in relation to the percentage of the objective actually achieved are as follows:

- Group revenues: no bonus below 95% of the objective. 100% of the objective bonus, linearity between the two;
- Ebita before RDL: no bonus below 95% of the objective. 100% of the objective bonus, linearity between the two;
- debt relief: no bonus below 100% of the objective;
- CSR objective: no bonus below 100% of the objective.

It is specified that in the event that 85% of the Ebita objective before RDL is not achieved, or in the event of negative net profit - Group share, all of the above bonuses may be cancelled, even if certain objectives are achieved, at the discretion of the board of directors on the recommendation of the compensation and appointment committee.

The board of directors may use its discretionary power to adapt and/or modify the criteria and/or their calculation grid, either upwards or downwards, on the recommendation of the compensation and appointment committee should special circumstances arise. Under no circumstances may these adjustments result in an increase in the ceiling of the annual variable compensation compared to the fixed compensation.

Overall, Sébastien Huron's variable compensation is capped at 53% of his annual fixed compensation.

In any event, payment of the variable compensation will take place, if applicable, after and subject to approval by the shareholders' meeting to be held in 2022.

Long-term compensation

In accordance with the authorization of the shareholders' meeting, certain employees and managers of Virbac and its subsidiaries have received long-term compensation in the form of performance-related stock grants since 2006. The goal of these compensation mechanisms is not only to encourage executives to plan their work for the longer term, but also to bring their interests into line with the company's corporate interest and the interest of shareholders.

The chief executive officer is eligible for the award of performance-related stock grants.

These awards are contingent on the achievement of a performance target. The performances taken into account are not linked to the performance of other companies or a benchmark sector because there are very few reliable comparisons. The majority of companies with an activity and size similar to that of Virbac are either unlisted or are divisions or spin-offs of large listed pharmaceutical groups.

It should be pointed out that the performance conditions to be met for the acquisition of granted performance-related shares are measured against the internal objectives of consolidated operating profit and the Group's consolidated net debt as per the close of the second full financial year following the plan's start date. These elements therefore take into account the Group's performance over more than two financial years.

If the target is met, all of the shares in question are vested. In the event that it is not met and for certain plans, terms and conditions are provided for allowing the acquisition of a lesser number of shares depending on the percentage of the target achieved.

On March 16, 2021, the board of directors decided to open a new performance-related stock grants plan. Under this new performance-related stock grants plan, a maximum of 950 shares may be granted to Sébastien Huron.

Conditions of the plan:

- beneficiaries: the chief executive officer of Virbac and employees of the Virbac Group;
- retention period: minimum period of two years (except in the case of disability or death) during which the acquired shares must be retained and therefore cannot be sold;
- performance indicator: formula linked to the adjusted consolidated operating profit (Ebita) and the consolidated net debt (net debt) for the financial year ended December 31, 2023. This indicator, equal to $[(10 \times \text{Ebita}) - \text{net debt}]$, will be calculated on the basis of the audited consolidated accounts approved by the board of directors in early 2024. The level given as a target for this indicator as at December 31, 2023, is strategic information that cannot be made public for confidentiality reasons.
 - if 100% of the objective is reached by the end of 2023, the conditions for the acquisition of the shares will be fulfilled, and the shares will be delivered as soon as possible to the beneficiaries;
 - if 95% or less of this objective is achieved by the end of 2023, the acquisition conditions will not be met;
 - between 95% and 100%, 20% of the planned shares will be delivered by reaching 1% above 95% (*i.e.*, as an illustration, 20% of the planned shares for a 96% achievement, 50% of the planned shares for a 97.5% achievement and 100% of the planned shares for a 100% achievement).

The plan may provide for adjustments to the calculation of the indicator based on the exchange rates of the principal currencies.

The terms of the holding period for the chief executive officer are as follows: 35% of the shares acquired by the chief executive officer may not be sold as long as he or she is employed by the Group. This constraint will nevertheless be lifted in the event that the chief executive officer has built up a portfolio of Virbac shares representing three years of annual target compensation (fixed and variable target gross compensation).

Extraordinary compensation

In the event of special circumstances and subject to justification, the board of directors reserves the right to pay extraordinary compensation.

Other benefits

In addition to the various components of compensation, the chief executive officer receives the benefits listed below.

■ Company vehicle

The chief executive officer receives a company vehicle, in accordance with the policy defined by the compensation committee.

■ Health insurance plan, maternity benefits, pension and retirement

The chief executive officer is covered by the health, maternity, provident and pension insurance schemes available to all the company's executives, under the same conditions of contributions and benefits as those defined for the company's other executives.

■ Unemployment insurance plan

The chief executive officer is covered by a private unemployment insurance plan for company directors (*Garantie sociale des chefs d'entreprise - GSC*), which is based on the 70-for-one-year formula, the amount of annual contributions of which shall not exceed €15,000.

Forced retirement severance pay

The board of directors may decide to grant an indemnity in the event of the termination of the duties of a corporate officer.

The compensation that Sébastien Huron, chief executive officer, could receive is determined on the basis of the following objectives:

- insofar as the Group's operating profit from ordinary activities to net revenue ratio is lower than 4% on average over the last four financial half-years ended (for example: for a departure in May in year N: the period taken into account to calculate the ratio is from January 1 of year N-2 to December 31 of year N-1), no compensation will be due;
- insofar as the ratio of operating profit from ordinary activities to the Group's net revenue is greater than or equal to 4% on average over the last four closed accounting half-years (for example: for a departure in May in year N: the period taken into account to calculate the ratio is from January 1 of year N-2 to December 31 of year N-1), the compensation due will be €550,000; however, to the extent that the ratio of operating profit from ordinary activities to the Group's net revenue is greater than or equal to 7% on average over the last two closed accounting half-years (for example: for a departure in August in year N: the period taken into account to calculate the ratio is July 1 of year N-1 to June 30 of year N), the compensation will be increased to €700,000;

In addition, the conditions for payment or non-payment of this severance pay are as follows:

- the severance pay may only be paid in the event of a forced departure, initiated by the company, including in the context of a non-renewal of the term of office at its end date, or of a renewal of the term of office under conditions that are less favorable than those applicable before the renewal (with regard to his fixed compensation and the percentage of his target variable compensation and his severance pay in case of forced departure) causing a departure from the company;
- it will not be owed in the event of resignation, full pension retirement, retirement once the age limit for being a chief executive officer is reached or in the event of dismissal for gross negligence.

Non-competition payments

The board of directors may decide to grant compensation in return for the non-competition commitment of the chief executive officer.

Sébastien Huron, chief executive officer, shall not work directly or indirectly for or hold any corporate office or otherwise engage in any activity in any group or company directly or indirectly involved in the research, development, manufacture and/or marketing of animal health products in countries where Virbac has a subsidiary or other interest.

This non-competition obligation applies until the end of a period of eighteen months following the effective cessation of his corporate mandate within the company and shall give rise to the payment of a non-competition indemnity.

In consideration of the non-competition obligation, Sébastien Huron, will receive each month, during the entire competition ban period, a payment in an amount equal to 80% of his fixed gross monthly compensation received for the company's last financial year-end (including any other compensation related to his functions within the Virbac group). This payment will be limited, for this 18-month period, to a maximum gross amount of €500,000.

The company's board of directors reserves the right to waive compliance with this non-competition clause by the chief executive officer upon the termination of his corporate mandate, but this waiver may not be exercised by the board of directors prior to the chief executive officer's sixtieth birthday; too, notice shall be given by registered letter with acknowledgment of receipt or through any other written means to the chief executive officer within a maximum period of three months from the announcement of this resignation in the event of resignation initiated by him, or immediately in the other cases, at the time of the effective termination of the mandate. In the event of renunciation of the non-competition clause under these provisions, no compensation shall be payable. In all other cases, the compensation will be due throughout the eighteen-month period.

The cumulative amount of the non-competition indemnity calculated on the basis of the fixed compensation for 2021 and the forced retirement severance pay (in any event) shall not exceed that amount corresponding to two years' compensation (fixed and variable) of the chief executive officer (on the basis of his 2020 compensation).

Compensation policy for deputy chief executive officers

The compensation policy for deputy chief executive officers provides for a balanced distribution between the three components of total annual compensation: fixed compensation, variable compensation and long-term compensation.

Employment contract

The deputy chief executive officers have an employment contract under which they receive their full compensation. The duties of the deputy chief executive officers under their employment contracts are distinct from their duties as company officers. They do not receive any other compensation for their mandate.

The board of directors reserves the right, in the event that new deputy chief executive officers are appointed, to allow them to benefit from a severance payment and/or exceptional performance-related stock grants to compensate for the loss of the benefits they previously enjoyed, pending the approval by the shareholders' meeting of a new compensation policy.

Fixed compensation

The fixed compensation of the deputy chief executive officers reflects the responsibilities, experience and missions entrusted.

Variable compensation

Each deputy chief executive officer has a target variable compensation that represents a percentage of his or her fixed compensation. This target takes into account the missions entrusted to him or her as well as his or her responsibilities and experience. This variable compensation is consistent with the company's compensation practices.

The board sets out the financial and non-financial criteria for determining the deputy chief executive officers' variable compensation and the targets to be reached. It ensures that the criteria and targets are aligned with Virbac's strategic key issues and annual priorities. It gives precedence to quantitative criteria over qualitative criteria that, when they exist, suggest a limited portion of the variable compensation. Finally, the board of directors is careful to ensure that the criteria are simple and easy to understand.

The amount actually attributable to each deputy chief executive officer in respect of a given financial year will depend on the extent to which the objectives for that year are achieved, as defined by the board of directors, which meets each year in March, further to the advice of the compensation and appointment committee. The degree to which each of these objectives can be achieved at 100% is strategic information that cannot be made public for confidentiality reasons.

Long-term compensation

In accordance with the authorization of the shareholders' meeting, certain employees and managers of Virbac and its subsidiaries have received long-term compensation in the form of performance-related share grants since 2006. The goal of these compensation mechanisms is not only to encourage executives to plan their work for the longer term, but also to bring their interests into line with the company's corporate interest and the interest of shareholders.

Deputy chief executive officers are eligible for the award of performance-related stock grants.

These awards are contingent on the achievement of a given performance target. The performance indicators taken into account are not linked to the performance of other companies, or a benchmark sector, because there are very few reliable comparisons. The majority of companies with an activity similar to that of Virbac are either unlisted, or are divisions, or spin-offs, of larger listed pharmaceutical groups.

It should be pointed out that the performance conditions to be met for the acquisition of performance-related share grants are measured against the internal objectives of consolidated operating profit and the Group's consolidated net debt at the close of the second full financial year following the plan's start date. These elements therefore take into account the Group's performance over more than two financial years.

If a given target is met, all of the shares in question are allocated. In the event that it is not met, and for certain plans, terms and conditions are provided for allowing the acquisition of a smaller number of shares depending on the percentage of the target achieved.

The terms of the holding period for the deputy chief executive officers are as follows: 25% of the shares acquired by the deputy chief executive officers may not be sold as long they are employed by the Group. This constraint will nevertheless be lifted in the event that the deputy chief executive officers have built up a portfolio of Virbac shares representing two years of annual target compensation (gross salary plus target bonus).

Other benefits

In addition to the various components of compensation, deputy chief executive officers receive the benefits listed below.

■ Company vehicle

Deputy chief executive officers receive a company vehicle in accordance with the policy defined by the compensation and appointment committee.

■ Health insurance plan, maternity benefits, pension and retirement

Deputy chief executive officers are covered by the health, maternity, provident and pension insurance schemes available to all the company's executives, under the same conditions of contributions and benefits as those defined for the company's other executives.

■ Unemployment insurance plan

Deputy chief executive officers are covered by the unemployment insurance plan for company employees.

■ Forced retirement severance pay

The deputy chief executive officers do not receive any extra-legal severance pay, but may be entitled to severance pay under their employment contract (for more information, see employment contract of each deputy chief executive officer).

■ Non-competition payments

Deputy chief executive officers are not subject to any non-competition commitments in connection with their office or their employment contract and are therefore not entitled to receive any non-competition indemnity.

Extraordinary compensation

In the event of special circumstances and subject to justification, the board of directors reserves the right to pay out extraordinary compensation.

Compensation policy for Habib Ramdani

Employment contract

The employment contract was concluded for an indefinite period.

The notice period in case of departure (especially in case of dismissal) is three months.

The amount of severance pay is set in accordance with the applicable collective agreement, as follows:

- before five years of presence, the legal indemnities apply;
- between five and ten years of presence: 0.3 months of reference salary per year included in the bracket;
- from eleven years onwards, the indemnity is calculated by cumulative seniority bracket, as follows:
 - for the bracket ranging from eleven to fifteen years of presence: 0.6 months of reference salary per year included in the bracket,
 - for the bracket beyond sixteen years of presence: 1.2 months of reference salary per year included in the bracket.

The reference salary is that defined according to the legal provisions in force.

Fixed and variable compensation

On March 16, 2021, the board of directors decided to set Habib Ramdani's gross annual fixed compensation under his employment contract at €226,440 for the 2021 financial year.

The board of directors has set the amount of Habib Ramdani's gross annual variable compensation for the 2021 financial year at €90,576, based on 100% achievement of the objectives set, *i.e.* 40% of his fixed compensation.

The actual amount of gross annual variable compensation paid for 2021 will depend on the achievement of quantitative targets determined as follows for 2021:

Criteria	Weighting (if all objectives are 100% achieved)
Group revenues as budgeted	40 %
Ebita before RDL as budgeted	45 %
Level of debt relief as budgeted	15 %

The variable compensation actually awarded in respect of the 2021 financial year will depend on the extent to which the objectives are achieved and will be determined a posteriori under a decision of the board of directors following consultation with the compensation and appointment committee, taking into account the rules set out herein below.

The rules for allocation in relation to the percentage of the objective actually achieved are as follows:

- Group revenues: no bonus below 95% of the objective. 100% of the objective bonus, linearity between the two;
- Ebita before RDL: no bonus below 95% of the objective. 100% of the objective bonus, linearity between the two;
- debt relief: no bonus below 100% of the objective.

It is specified that in the event that 85% of the Ebita objective before RDL is not achieved, or in the event of negative net profit - Group share, all of the above bonuses may be cancelled, even if certain objectives are achieved, at the discretion of the board of directors further to the recommendation of the compensation and appointment committee.

The board of directors can use its discretionary power to adapt and/or modify the criteria and/or their calculation grid, either upwards or downwards, on the recommendation of the appointments and compensation committee should special circumstances arise. Under no circumstances may these adjustments result in an increase in the ceiling of the annual variable compensation compared to the fixed compensation.

Overall, Habib Ramdani's variable compensation is capped at 40% of his fixed annual compensation.

In any event, payment of the variable compensation will take place, if applicable, after and subject to approval by the shareholders' meeting to be held in 2022.

Long-term compensation

On March 16, 2021, the board of directors decided to open a new performance-related stock grants plan. Under this new performance-related stock grants plan, a maximum of 475 shares may be granted to Habib Ramdani.

Conditions of the plan:

- beneficiaries: the Virbac group's chief executive officers and employees;
- retention period: minimum period of two years (except in the case of disability or death) during which the acquired shares must be retained and therefore cannot be sold;
- performance indicator: formula linked to the adjusted consolidated operating profit (Ebita) and the consolidated net debt (net debt) for the financial year ended December 31, 2023. This indicator, equal to $[(10 \times \text{Ebita}) - \text{net debt}]$, will be calculated on the basis of the audited consolidated accounts approved by the board of directors in early 2024. The level given as a target for this indicator as at December 31, 2023, is strategic information that cannot be made public for confidentiality reasons;
 - if 100% of the target is reached by the end of 2023, the conditions for the acquisition of the shares will be fulfilled, and the shares will be delivered as soon as possible to the beneficiaries;
 - if 95% or less of this objective is achieved by the end of 2023, the acquisition conditions will be considered to not have been met;
 - between 95% and 100%, 20% of the planned shares will be delivered by reaching 1% above 95% (*i.e.*, as an illustration, 20% of the planned shares for a 96% achievement, 50% of the planned shares for a 97.5% achievement and 100% of the planned shares for a 100% achievement).

The plan may provide for adjustments to the calculation of the indicator based on the exchange rates of the principal currencies.

Other benefits

In addition to the various components of compensation, Habib Ramdani shall receive the benefits listed above on pages 116 and 117.

Compensation policy for Marc Bistuer

Employment contract

The employment contract has been concluded for an indefinite period.

The period of notice in case of departure (especially in case of dismissal) is three months.

The amount of severance pay is set in accordance with the applicable collective agreement, as follows:

- up to five years of presence, legal indemnities apply;
- between five and ten years of presence: 0.3 months of reference salary per year included in the bracket;
- from eleven years onwards, the indemnity is calculated by cumulative seniority bracket, as follows:
 - for the bracket ranging from eleven to fifteen years of presence: 0.6 months of reference salary per year included in the bracket,
 - for the bracket beyond sixteen years of presence: 1.2 months of reference salary per year included in the bracket.

The reference salary is that one defined according to the currently applicable legal provisions in force at the time.

Fixed and variable compensation

On March 16, 2021, the board of directors decided to establish Marc Bistuer's gross annual fixed compensation under his employment contract at €228,522 for the 2021 financial year.

The board of directors set Marc Bistuer's gross annual variable compensation for the 2021 financial year at €68,556, based on 100% achievement of the objectives set, *i.e.* 30% of his fixed compensation.

The actual amount of gross annual variable compensation paid for 2021 will depend on the achievement of quantitative targets determined as follows:

Criteria	Weighting (if all objectives are 100% achieved)
Group revenues as budgeted	32%
Ebita before RDL as budgeted	36%
Level of debt relief as budgeted	12%
Supply chain for companion animal vaccines: production and release of budgeted dose quantities for the year	10%
Backorders/direct orders: average rate provided for in the budget	10%

The variable compensation actually awarded in respect of the 2021 financial year will depend on the extent to which the objectives are achieved and shall be determined a posteriori by decision of the board of directors following consultation with the compensation and appointment committee, in respect of the rules set out below.

The rules for allocation in relation to the percentage of the objective actually achieved are as follows:

- Group revenues: no bonus under 95% of the objective. 100% of the objective bonus, linearity between the two;
- Ebita before RDL: no bonus under 95% of the objective. 100% of the objective bonus, linearity between the two;
- debt relief: no bonus under the budgeted figure;
- vaccine supply chain: no bonus under the budgeted figure;
- backorders/direct orders: no bonus under the budgeted figure.

It is specified that in the event that 85% of the Ebita objective before RDL is not achieved, or in the event of negative net profit - Group share, all of the above bonuses may be cancelled, even if certain objectives are achieved, at the discretion of the board of directors as per the recommendation of the compensation and appointment committee.

The board of directors may use its discretionary power to adapt and/or modify the criteria and/or their calculation grid, either upwards or downwards, further to the recommendation of the compensation and appointment committee should special circumstances arise. Under no circumstances may these adjustments result in an increase to the ceiling of the annual variable compensation as compared to the fixed compensation.

Overall, Marc Bistuer's variable compensation is capped at 30% of his annual fixed compensation.

All elements of the compensation policy for the deputy chief executive officer will be submitted to a vote at Virbac's next shareholders' meeting.

In any and all events, payment of the variable compensation will take place, if applicable, follow, and subject to, approval by the shareholders' meeting to be held in 2022.

Long-term compensation

On March 16, 2021, the board of directors decided to open a new performance-related stock grants plan. Under this new performance-related stock grants plan, a maximum of 300 shares may be granted to Marc Bistuer.

Conditions of the plan:

- beneficiaries: the Virbac Group's chief executive officer and employees;
- retention period: minimum period of two years (except in the case of disability or death) during which the acquired shares must be retained and therefore cannot be sold;
- performance indicator: formula linked to the adjusted consolidated operating profit (Ebita) and the consolidated net debt (net debt) for the financial year ended December 31, 2023. This indicator, equal to $[(10 \times \text{Ebita}) - \text{net debt}]$, will be calculated on the basis of the audited consolidated accounts approved by the board of directors in early 2024. The level given as a target for this indicator as at December 31, 2023, is strategic information that cannot be made public for confidentiality reasons.
 - if 100% of the objective is reached by the end of 2023, the conditions for the acquisition of the shares will be fulfilled, and the shares will be delivered as soon as possible to the beneficiaries;
 - if 95% or less of this objective is achieved by the end of 2023, the acquisition conditions will not be met;
 - between 95% and 100%, 20% of the planned shares will be delivered by reaching 1% above 95% (*i.e.*, as an illustration, 20% of the planned shares for a 96% achievement, 50% of the planned shares for a 97.5% achievement and 100% of the planned shares for a 100% achievement).

The plan may provide for adjustments to the calculation of the indicator based on the exchange rates of the principal currencies.

Other benefits

In addition to the various components of compensation, Marc Bistuer shall receive the benefits listed above on pages 116 and 117.

COMPENSATION OF EXECUTIVES AND NON-EXECUTIVE OFFICERS FOR THE 2020 FINANCIAL YEAR

In December 2020, the company adopted an organization that includes a general management and a board of directors. The compensation components for the 2020 financial year described below were paid or allocated to executives and non-executive officers regardless of the governance structure adopted.

The compensation components paid in the 2020 financial year or awarded in respect of the same financial year to executives and corporate officers will be submitted to a vote at the shareholders' meeting.

Compensation of the members of the board of directors and the non-voting advisor for the 2020 financial year

The shareholders' meeting of June 22, 2020, approved the payment of a total of €160,000 as compensation to the members of the supervisory board, and at the shareholders' meeting of December 15, 2020, it was decided to extend this same policy to the members of the board of directors.

Attendance of supervisory board members in 2020, until December 15, 2020

Meetings until December 15, 2020	Supervisory Board attendance	Audit committee attendance	Compensation committee attendance
Marie-Hélène Dick-Madelpuech	100% present at meetings	N/A	Present at the meeting
Pierre Madelpuech	100% present at meetings	100% present at meetings	N/A
Olivier Bohuon, permanent representative of OJB Conseil	100% present at meetings	N/A	Present at the meeting
Philippe Capron	100% present at meetings	100% present at meetings	Present at the meeting
Cyrille Petit, permanent representative of Cyrille Petit Conseil co-opted by the board on March 19, 2020, ratified by the meeting of June 22, 2020	100% present at meetings after co-option	100% present at the three meetings after co-option	N/A
Sylvie Gueguen, employee representative	100% present at meetings	N/A	N/A

At its meeting on September 15, 2020, the supervisory board, taking into account the high attendance rates of directors at formal meetings, their presence or absence from board committees, and their participation in preparatory meetings, decided to distribute this amount among its members and to compensate the non-voting advisor as follows:

In €	Amounts allocated for the 2020 financial year (paid in 2021)	Amounts allocated for the 2019 financial year (paid in 2020)
	Compensation	Compensation
Marie-Hélène Dick-Madelpuech	22,400 €	16,500 €
Pierre Madelpuech	22,400 €	16,500 €
Solène Madelpuech	22,400 €	22,000 €
Philippe Capron ¹	25,600 €	25,000 €
OJB Conseil, represented by Olivier Bohuon	22,400 €	22,000 €
Cyrille Petit	—	11,000 €
Cyrille Petit Conseil, represented by Cyrille Petit	22,400 €	—
Galix Conseils, represented by Grita Loeb sack	—	22,000 €
Non-voting advisor, XYZ Unipessoal Lda, company represented by Xavier Yon	22,400 €	22,000 €
Total	160,000 €	157,000 €

¹ Philippe Capron's compensation takes into account his duties as chairman of the audit committee.

Compensation of the chairwoman of the supervisory board, who became chairwoman of the board of directors on December 15, for the 2020 financial year

In her capacity as chairwoman of the board of directors and previously as chairwoman of the supervisory board, Marie-Hélène Dick-Madelpuech is eligible for specific compensation and has been awarded the sum total amount of €95,000 for the 2020 financial year, according to the deliberations of the supervisory board on September 15, 2020, in accordance with the compensation policy voted upon by the shareholders' meeting of June 22, 2020. This amount has remained unchanged since 2013.

The table below summarizes the total compensation paid or allocated to Marie-Hélène Dick-Madelpuech for the 2020 financial year.

In €	Amounts allocated for the 2020 financial year (paid in 2021)	Amounts allocated for the 2019 financial year (paid in 2020)
Marie-Hélène Dick-Madelpuech	95,000 €	95,000 €
Total	95,000 €	95,000 €

Compensation of the chief executive officer and deputy chief executive officers for the 2020 financial year

The shareholders' meeting held on June 22, 2020, approved the compensation policy applicable to members of the executive board, and the meeting held on December 15, 2020 decided to extend this same policy to the chief executive officer and the deputy chief executive officers.

In accordance with Afep-Medef recommendations, a summary of all compensations granted to company officers is presented below. The following tables present the details for each of the company officers.

Summary of the gross amounts due or allocated for the 2020 financial year

In €	Compensation due or allocated for 2020	Value of stock options granted in 2020	Value of performance-related stock grants allocated in 2020	Total compensation
Sébastien Huron ¹	579,838	—	—	579,838
Christian Karst	497,136	—	—	497,136
Habib Ramdani	311,097	—	—	311,097
Total	1,388,071	—	—	1,388,071

¹ Overpayment of 10 k€, recovered from the amounts paid in 2021.

Summary of gross amounts due or allocated for 2019

in €	Compensation due or allocated for 2019	Value of stock options granted in en 2019	Value of performance-related stock grants allocated in 2019 ¹	Total compensation
Sébastien Huron	555,361	—	—	555,361
Christian Karst	479,184	—	672,800	1,151,984
Habib Ramdani	298,770	—	—	298,770
Jean-Pierre Dick	16,460	—	—	16,460
Total	1,349,775	—	672,800	2,022,575

¹ Based on the method used for the consolidated accounts.

Gross compensation of Sébastien Huron, chief executive officer (former chairman of the executive board until December 15, 2020)

In €	2020 financial year		2019 financial year	
	Amounts due for the financial year	Amounts paid during the financial year	Amounts due for the financial year	Amounts paid during the financial year
Fixed compensation	331,200	341,200	325,000	325,000
Variable compensation	188,100	180,000	180,000	166,250
Extraordinary compensation	—	—	—	—
Directors' fees ¹	45,000	45,000	35,000	35,000
Benefits in kind	15,538	15,538	15,361	15,361
Total	579,838	581,738	555,361	541,611

¹ Paid by a Group subsidiary

Compensation components owed or awarded for 2020

Nature	Amounts or valuation to be voted on	Presentation
Fixed compensation	331,200	On March 5, 2020, the supervisory board, further to the recommendation of the compensation committee, decided to maintain the annual fixed compensation at €331,200.
Annual variable compensation	188,100	At its meeting on March 16, 2021, the board of directors determined the variable compensation components for 2020. It amounts to 50.0% of the fixed compensation, including directors' fees. For more information, refer to pages 113 to 117 of the financial report.
Multi-annual variable compensation	NA	No deferred variable compensation.
Extraordinary compensation	NA	No extraordinary compensation.
Stock options, performance-related stock grants or any other long-term compensation components	NA	No allocation of performance-related stock grants for the 2020 financial year. For more information, refer to page 128 of the financial report.
Directors' fees	35,000	Directors' fees received with respect to terms held in the Group's subsidiary companies in 2020.
Valuation of benefits in kind	15,538	Company vehicle and CSM contribution.

Compensation components owed or awarded for the financial year ended that are or were voted on at the shareholders' meeting under the procedure for regulated agreements and commitments

Nature	Amounts voted on	Presentation
Severance pay	No payment	For more information, refer to page 115 of the financial report.
Non-competition payment	No payment	For more information, refer to page 115 of the financial report.
Supplementary pension plan	NA	For more information, refer to page 125 of the financial report.

Fixed compensation

Sébastien Huron, current chief executive officer and former chairman of the executive board, received, during the 2020 financial year, a gross annual fixed compensation in the amount of €391,738 (including benefits in kind). As chairman of the executive board, he had received for the 2019 financial year a fixed annual compensation in the amount of €375,361.

Evaluation criteria for the variable portion

The maximum variable portion of Sébastien Huron's compensation represents a percentage of his fixed compensation (including any compensation paid by Group subsidiaries), and its amount is calculated for the 2020 financial year with regard to the following criteria:

Criteria	Weighting	Level of achievement of the objective set
Group revenue	40	100%
Adjusted Ebitda	45	100%
Debt relief	15	100%

Consequently, for the 2020 financial year, Sébastien Huron's variable compensation amounts to €188,100, *i.e.* 50% of his fixed compensation.

The payment of variable compensation is subject to the approval of compensation components at the next ordinary shareholders' meeting in accordance with article L225-100 of the French commercial code.

Unemployment insurance plan

The chief executive officer is covered by the private GSC (*Garantie Sociale des Chefs d'Entreprise* [Unemployment Insurance for company directors]) plan, which is based on the 70-for-one-year formula, in accordance with this organization's general conditions, and whose contributions will be entirely paid by the company, but will be claimed as a benefit in kind for the chief executive officer. The amount of annual contributions for 2020 amounts to €12,958.

Forced retirement severance pay

The compensation that Sébastien Huron, chief executive officer, could receive is determined on the basis of the following objectives:

- insofar as the Group's operating profit from ordinary activities to net revenue ratio is lower than an average of 4% over the last four closed financial half-years (for example: for a departure in May in year N: the period used to calculate the ratio is from January 1 of year N-2 to December 31 of year N-1), no compensation will be due.

- insofar as the ratio of operating profit from ordinary activities to the Group's net revenue is greater than or equal to 4% on average over the last four closed accounting half-years (for example: for a departure in May in year N: the period taken into account to calculate the ratio is from January 1 of year N-2 to December 31 of year N-1), the compensation due will be €550,000; however, to the extent that the ratio of operating profit from ordinary activities to the Group's net revenue is greater than or equal to an average of 7% over the last two closed accounting half-years (for example: for a departure in August in year N: the period taken into account to calculate the ratio is July 1 of year N-1 to June 30 of year N), the compensation will be increased to €700,000.

In addition, the conditions for payment or non-payment of this severance pay are as follows:

- severance pay may only be paid in the event of a forced departure, initiated by the company, including in the context of a non-renewal of a term of office at the end date thereof, or, for a renewal of the term of office under conditions that are less favorable than those applicable prior to the renewal (with regard to his-her fixed compensation and the percentage of the target variable compensation and his or her severance pay in case of forced departure) causing a departure from the company;
- such shall not be owed in the event of resignation, full pension retirement, retirement once the age limit for being a chief executive officer is reached, or in the event of dismissal for gross negligence.

The chief executive officer did not receive any forced severance payments for the 2020 financial year.

Non-competition payments

The chief executive officer shall not work directly or indirectly for or hold any corporate office or otherwise exercise any activity in any group or company directly or indirectly engaging in research, development, manufacturing and/or marketing of animal health products in countries where Virbac is a subsidiary owner or stakeholder or holds some other share, or participation.

This non-competition obligation shall apply until the end of a period of eighteen months after the effective cessation of the given person's corporate mandate within the company and shall result in the allocation of a non-competition payment.

The company's board of directors reserves the right to waive compliance with this non-competition clause for the chief executive officer upon the termination of his corporate mandate, however, this waiver may not be exercised by the board of directors before the chief executive officer's sixtieth birthday, and notice for this effect shall be given by registered letter with acknowledgment of receipt or through any other written means to the chief executive officer within a maximum period of three months from the announcement of this resignation in the event of resignation initiated by him, or immediately in the other cases, at the time of the effective termination of the mandate. In the event of renunciation of the non-competition clause under these provisions, no compensation shall be payable. In all other cases, the compensation will be due throughout the eighteen-month period.

In consideration of the non-competition obligation, Sébastien Huron will receive, each month, throughout the entire period in which there is a ban on competitive activity, payment in the amount equal to 80% of his fixed gross monthly compensation received for the company's last financial year-end (including directors' fees and any other compensation related to his functions within the Virbac Group). This payment will be limited, for said 18-month period, to a maximum gross amount of €500,000.

The chief executive officer did not receive any non-competition compensation for the 2020 financial year.

Gross compensation of Christian Karst, former member of the executive board and general manager until December 15, 2020 – no mandate as of that date

in €	2020 financial year		2019 financial year	
	Amounts due for the financial year	Amounts paid during the financial year	Amounts due for the financial year	Amounts paid during the financial year
Fixed compensation	285,000	285,000	273,000	273,000
Variable compensation	165,000	159,000	159,000	147,250
Extraordinary compensation	—	—	—	—
Directors' fees ¹	45,000	45,000	45,000	45,000
Benefits in kind	2,136	2,136	2,184	2,184
Total	497,136	491,136	479,184	467,434

¹ Paid by a Group subsidiary

Compensation components owed or awarded for 2020

Nature	Amounts or valuation to be voted on	Presentation
Fixed compensation	285,000	On March 5, 2020, the supervisory board, on the recommendation of the compensation committee, decided to increase the annual fixed compensation to €285,000, representing an increase of 4.40%.
Annual variable compensation	165,000	At its meeting on March 16, 2021, the board of directors determined the variable compensation components for 2020. It amounts to 50.0% of the fixed compensation, including directors' fees.
Multi-annual variable compensation	NA	No deferred variable compensation
Extraordinary compensation	NA	No extraordinary compensation.
Stock options, performance-related stock grants or any other long-term compensation components	312,000	1,600 performance-related shares were granted to Christian Karst for the 2020 financial year. For more information, refer to page 128 of the financial report.
Directors' fees	45,000	Directors' fees received with respect to terms held in the Group's subsidiary companies in 2020.
Valuation of benefits in kind	2,136	Company vehicle.

Compensation components owed or awarded for the financial year ended that are or were voted on at the shareholders' meeting under the procedure for regulated agreements and commitments

Nature	Amounts voted on	Presentation
Severance pay	No payment	For more information, refer to page 115 of the financial report.
Non-competition payment	NA	No non-competition payment.
Supplementary pension plan	No payment	For more information, refer to information below in this page.

Fixed compensation

Christian Karst, member of the executive board and general manager until December 15, 2020, received a fixed annual compensation of €332,136 in the 2020 financial year. As a reminder, during the 2019 financial year, the general manager received a fixed annual compensation of €320,184.

Evaluation criteria for the variable portion

The maximum variable portion of Christian Karst's compensation represents, as a percentage of his compensation, 50% of his fixed compensation (including any component of compensation paid by Group subsidiaries), and his amount is calculated for the 2020 financial year in respect of the following criteria:

Criteria	Weighting	Level of achievement of the objective set
Group revenue	40	100%
Adjusted Ebit before RDL	45	100%
Debt relief	15	100%

Consequently, for the 2020 financial year, Christian Karst's variable compensation amounts to €165,000.

The payment of variable compensation is subject to the approval of compensation components at the next ordinary shareholders' meeting in accordance with article L225-100 of the French commercial code.

Supplementary pension plan

At its meeting on March 12, 2019, the supervisory board elected to terminate the defined benefit pension plan benefiting members of the executive board effective December 31, 2019. In order not to penalize members of the executive board approaching retirement, the supervisory board decided that potential beneficiaries who had reached the age of 50 by the date of closure of the plan, *i.e.* December 31, 2019, would continue to be entitled to benefits on an adjusted basis. To that end and within this framework, rights amounting to 10.5% of the reference salary of a beneficiary retiring at age 65 would remain effective for their sole benefit after termination of the plan, provided they meet the conditions set out in the internal bylaws in effect prior to that point.

Christian Karst, who already met certain conditions under this plan when it concluded (including that he had reached the age of 60 and met the company seniority conditions and was a member of the executive board), shall continue to enjoy the rights maintained at the time of the closing of the plan, with no modifying increase to these rights in connection with his duties during the 2020 financial year. Christian Karst, who is no longer a company

officer and who has announced his intention to retire in 2021, will be able to liquidate his rights at that time and shall benefit from a pension under said plan at that time.

Gross compensation of Habib Ramdani, Deputy chief executive officer (former member of the executive board until December 15, 2020)

en €	2020 financial year		2019 financial year	
	Amounts due for the financial year	Amounts paid during the financial year	Amounts due for the financial year	Amounts paid during the financial year
Fixed compensation	222,000	222,000	213,000	213,000
Variable compensation	88,800	85,200	85,200	77,140
Extraordinary compensation	—	—	—	—
Directors' fees	—	—	—	—
Benefits in kind	297	297	570	570
Total	311,097	307,497	298,770	290,710

Compensation components owed or awarded for 2020

Nature	Amounts or valuation to be voted on	Presentation
Fixed compensation	222,000	On March 5, 2020, the supervisory board, on the recommendation of the compensation committee, decided to increase the annual fixed compensation to €222,000, representing an increase of 4.2%.
Annual variable compensation	88,800	At its March 16, 2021 meeting, the board of directors determined the variable compensation components for 2020. This amounts to 40.0% of his fixed compensation. For more information, refer to pages 117 - 119 of the financial report.
Multi-annual variable compensation	NA	No deferred variable compensation.
Extraordinary compensation	NA	No extraordinary compensation.
Stock options, performance-related stock grants or any other long-term compensation components	NA	No allocation of performance-related stock grants for the 2020 financial year. For more information, refer to page 128 of the financial report.
Directors' fees	NA	No directors' fees were received.
Valuation of benefits in kind	297	Company vehicle.

Compensation components owed or awarded for the financial year ended that are or were voted on at the shareholders' meeting under the procedure for regulated agreements and commitments

Nature	Amounts voted on	Presentation
Severance pay	NA	No severance pay (see page 117).
Non-competition payment	NA	No non-competition payment (see page 117).
Supplementary pension plan	NA	For more information, refer to page 125 of the financial report.

Fixed compensation

During the 2020 financial year, Habib Ramdani received a fixed annual compensation of €222,297 under his employment contract. As a reminder, Habib Ramdani received, during the 2019 financial year, a fixed annual compensation of €213,570.

Evaluation criteria for the variable portion

For the 2020 financial year, the maximum variable portion of Halib Ramdani's compensation represents, as a percentage thereof, 40% of his fixed compensation (including any element of compensation paid to Group subsidiaries), and his respective amount is calculated as per the following criteria:

Criteria	Weighting	Level of achievement of the objective set
Group revenue	40	100%
Adjusted Ebitda	45	100%
Debt relief	15	100%

Consequently, for the 2020 financial year, Habib Ramdani's variable compensation amounts to €88,800.

The payment of variable compensation is subject to the approval of compensation components at the next ordinary shareholders' meeting held in accordance with article L225-100 of the French commercial code.

Conditions for termination of the employment contract

see page 117.

Gross compensation of Marc Bistuer, deputy chief executive officer as of December 15, 2020

Fixed compensation

After his appointment as deputy chief executive officer Marc Bistuer continued to receive compensation as an employee, subject to no changes through December 31, 2020, *i.e.* compensation in the amount of €280,259 as provided for in his respective employment contract (including €795 for the concept of benefits in kind).

For the year 2020, his variable compensation conditions also remained unchanged *vis-a-vis* his initial employment contract.

Conditions for termination of the employment contract

See page 118.

Shares subscription or purchase options

The company has no shares subscription or stock purchase plan in effect at this time..

Performance-related stock grants

Allocated performance-related stock grants

It should be noted that:

- in the last five financial years, performance-related stock grants were allocated in 2016, 2018, 2019 and 2020;
- over the course of the 2020 financial year, 50% of the 2016 plan's performance-related stock grants were distributed.

The acquisition of shares resulting from the performance-related stock grants plan implemented in 2016 was postponed to the end of the 2019 financial year. In 2019, the executive board decided that, in view of the financial forecasts for the new horizon, achievement of the performance indicator would entitle plan beneficiaries to only 50% of the shares allocated.

Performance-related stock grants allocated to corporate officers

The table below, based on a five-year history (2016 to 2020), shows the three plans in effect as of January 1st, 2020, as well as the 2020 plan set up as of July 1, 2020.

2016 plan

	Number of shares allocated	Valuation of shares ¹	Acquisition date ²	Availability date
Sébastien Huron	1,000 €	185,050	2020	2022
Christian Karst	1,000 €	185,050	2020	2022
Habib Ramdani	400 €	74,020	2020	2022
Total	2,400 €	444,120		

¹ Based on the method used for the consolidated accounts.

² Following the one-year postponement. Acquisition of 50% only, taking into account the level of performance achieved.

During the 2020 financial year, 50% of the performance-related stock grants of the 2016 plan were acquired by the beneficiaries in accordance with the plan's regulations.

2018 plan

	Number of shares allocated	Valuation of shares ¹	Acquisition date ²	Availability date ³
Sébastien Huron	1,600 €	190,720	2022	2024
Christian Karst	1,200 €	143,040	2022	2024
Habib Ramdani	1,000 €	119,200	2022	2024
Total	3,800 €	452,960		

¹ Based on the method used for the consolidated accounts.

² Possibility of acquiring 50% in 2021.

³ The retention period is two years, which involves an availability date in 2024 (or 2023 for shares potentially acquired in 2021).

2019 plan

	Number of shares allocated	Valuation of shares ¹	Acquisition date	Availability date
Christian Karst	4,000 €	672,800	2021	2023
Total	4,000 €	672,800		

¹ Based on the method used for the consolidated accounts.

2020 plan

	Number of shares allocated	Valuation of shares ¹	Acquisition date	Availability date
Christian Karst	1,600	€312,000	2021	2023
Total	1,600	€312,000		

¹ Based on the method used for the consolidated accounts.

On June 20, 2018, the meeting of shareholders adopted a resolution according to which a new 38-month period would be extended, the possibility of the allocation of company performance-related share grants, in compliance with the provisions of article L225-197-1 *et seq.* of the French commercial code.

This resolution allows for performance-related stock grants to be awarded to managers or employees of comparable rank, or certain categories thereof, as well as to those company officers that are referred to in article L225-197-1 of the French commercial code, both for Virbac as well as for the companies that are either, directly or indirectly associated with it according to article L225-197-2 of the French commercial code.

The total number of performance-related shares awarded/granted may not represent more than 1.0% of Virbac's total capital. It should also be observed out that the number of performance-related shares grants awarded to the company officers during the term of the authorization may not exceed 0.5% of total capital as of the day of the award. The allocation is made with no dilution, the company essentially purchasing the number of required shares on the market.

Similar to the prior authorization, the bonus performance-related stock grants will only be definitive at the end of a vesting period of at least two years, with the shares thus held which must be retained for at least two years from the end of the vesting period. The board of directors will determine the identity of the beneficiaries as well as the terms and grant criteria for the shares that will be linked to the improvement in the Group's performance levels.

The company officers have undertaken not to resort to hedging transactions for their risk on performance-related stock grants until the end of the share lock-in period set by the supervisory board.

The chief executive officer and the deputy chief executive officers have also agreed to retain 35% of the performance-related shares granted to the chief executive officer and 25% of the performance-related shares granted to the deputy chief executive officers, as long as they remain active in the Group. This retention commitment shall no longer apply should they build up a portfolio of Virbac shares representing two years of annual target compensation (gross fixed compensation + gross variable compensation), with the exception of the chief executive officer for whom this amount has been set at three years' annual target compensation.

A new resolution will be proposed at the next shareholders' meeting to renew the authorization for a further period of three years under the same conditions.

Multi-year variable compensation

The chief executive officer and the deputy chief executive officers do not receive any multi-year variable compensation.

The components constituting compensation as well as benefits of any kind paid out during the 2020 financial year or which are awarded for that same financial year, to the The chief executive officer and the deputy chief executive officers will be submitted for a vote at a meeting of shareholders.

Compensation ratios and annual evolution of Virbac's compensation and performance ratios

Changes in the compensation of the members of the executive board (€)	2016	2017	2018	2019	2020
Marie-Hélène Dick					
Chairwoman of the board of directors					
Total compensation due or awarded for the year	€116,000	€116,000	€116,000	€111,500	€117,400
Evolution/N-1	—%	—%	—%	-4%	5%
Ratio of compensation over average earnings	2.3	2.3	2.2	2.0	2.0
Evolution/N-1	0	0 point	0 point	0 point	0 point
Ratio of compensation over median earnings	2.8	2.8	2.6	2.4	2.5
Evolution/N-1	0	0 point	0 point	0 point	0 point
Sébastien Huron					
Chief executive officer ¹					
Total compensation due or awarded for the year	€481,526	€316,155	€586,352	€555,361	€579,838
Evolution/N-1	—%	-34%	86%	-5%	4%
Ratio of compensation over average earnings	9.5	6.3	10.9	9.9	10.0
Evolution/N-1	0	-3 points	5 points	-1point	0 point
Ratio of compensation over median earnings	11.4	7.6	13.2	12.1	12.1
Evolution/N-1	0	-4 points	6 points	-1point	0 point
Habib Ramdani					
Deputy chief executive officer ^{1 2}					
Total compensation due or awarded for the year	€292,052	€242,588	€330,701	€298,770	€311,097
Evolution/N-1	—%	-17%	36%	-10%	4%
Ratio of compensation over average earnings	5.7	4.8	6.1	5.3	5.4
Evolution/N-1	0	-1point	1 point	-1 point	0 point
Ratio of compensation over median earnings	6.9	5.8	7.5	6.5	6.5
Evolution/N-1	0	-1point	2 points	-1point	0 point
Christian Karst					
General manager ³					
Total compensation due or awarded for the year	€502,961	€370,032	€475,247	€1,151,984	€809,136
Evolution/N-1	—%	-26%	28%	142%	-30%
Ratio of compensation over average earnings	9.9	7.4	8.8	20.5	14.0
Evolution/N-1	0	-3 points	1 point	12 points	-7points
Ratio of compensation over median earnings	11.9	8.9	10.7	25.1	13.0
Evolution/N-1	0	-3 points	2 points	14 points	-12 points
Total compensation due or awarded to the members of the executive board	€1,392,539	€1,044,775	€1,508,300	€2,117,615	€1,817,471
Evolution/N-1	—%	-25%	44%	40%	-14%

¹ Since December 15, 2020.

² Joined the executive board in June 23, 2016. The compensation for 2016 was calculated on a full-year basis.

³ Until December 15, 2020.

⁴ This amount includes the value of the performance shares awarded under the 2016, 2018 and 2019 plans.

	2016	2017	2018	2019	2020
Virbac average earnings (€)	€50,820	€50,331	€53,876	€56,107	€57,813
Evolution/N-1	—%	-1%	7%	4%	3%
Average ratio⁵	27	21	28	38	31
Evolution/N-1	0	-6points	7 points	10 points	-7 points

⁵ Compensation of the executive board members/Virbac average earnings

	2016	2017	2018	2019	2020
Virbac median earnings (€)	€42,133	€41,507	€44,287	€45,925	€47,859
Evolution/N-1	—%	-2%	7%	4%	4%
Median ratio⁶	33	25	34	46	38
Evolution/N-1	0	-8 points	9 points	12 points	-8 points

⁶ Compensation of the executive board members / Virbac median earnings

	2016	2017	2018	2019	2020
Current operating profit before depreciation of assets arising from acquisitions (k€)	€82,860	€80,341	€88,076	€122,447	€128,875
Evolution/N-1	—%	-3%	10%	39%	5%
Net result (k€)	€37,867	€1,759	€20,985	€54,422	€141,769
Evolution/N-1	—%	-95%	1093%	159%	160%

Under article L225-37-3 of the French commercial code, for the calculation of average remuneration, the scope used is that of the Virbac company whose reference staff amounted to 1,193 employees in 2020, including 606 executives.

This scope is representative of Virbac's various lines of business. For the sake of comparison, and in accordance with Afep's recommendations, the staff used to calculate average remuneration corresponds to a twelve-month permanent full-time equivalent staff, excluding executive officers.

Compensation is calculated using all amounts paid or awarded in the financial year in question.

Contracts, plans and compensation

Corporate managing officers	Employment contract	Supplementary pension plan if conditions fulfilled ¹	Compensation or other benefits due or likely to be due following the term or due to change unfunction	Compensation due to a non-competition clause
Sébastien Huron				
Position : chairman of the executive board until December 15, 2020, chief executive officer since December 15, 2020	No	No	Yes	Yes
Term start date of chairman's mandate: December 2017				
Term end date of chief executive officer's mandate: December 2023				
Christian Karst				
Position : member of the executive board and general manager until December 15, 2020	Yes	Yes	N/A ²	No
Term start date : December 2014				
Term end date : December 15, 2020				
Habib Ramdani				
Position : member of the executive board until December 15, 2020	Yes	No	No	No
Term start date of member of the executive board's mandate: June 2016				
Term end date of deputy chief executive officer's mandate: December 2023				
Marc Bistuer				
Position : member of the executive board	Yes	No	No	No
Term start date of member of the executive board's mandate : December 15, 2020				
Term end date of member of the executive board's mandate : December 2023				

¹ The supervisory board of March 12, 2019 decided to end the defined benefit pension plan for members of the executive board with effect from December 31, 2019.

² Christian Karst benefited, in the event of non-voluntary departure from his general manager duties, from a severance pay.

TRADING IN COMPANY SHARES

Pursuant to the provisions of articles L621-18-2 of the French monetary and financial code and 223-26 of the general regulations of the *AMF*, we hereby present a summary of the transactions carried out during the past financial year by managers and related parties in respect of which the Group was notified.

By managers and related parties

	Number of shares	Cumulated amount of transactions
Purchases	0	€–
Sales	0	€–

By members of the board of directors and related parties

	Number of shares	Cumulated amount of transactions
Cyrille Petit Conseil	250	€53,691
Purchases	250	€53,691
Sales	0	€0

SHARE CAPITAL STRUCTURE

As of December 31, 2020

	Shares	Voting rights	Capital	Voting rights
Dick family group	4,201,916	8,402,087	49.68%	65.54%
Company savings plan	51,311	102,622	0.61%	0.80%
Public	4,183,469	4,315,970	49.46%	33.66%
Treasury shares	21,304	–	0.25%	–
Total	8,458,000	12,820,679	100.00%	100.00%

As of December 31, 2019

	Shares	Voting rights	Capital	Voting rights
Dick family group	4,201,916	8,402,087	49.68%	63.35%
Company savings plan	53,644	107,288	0.63%	0.81%
Public	4,176,262	4,754,195	49.38%	35.84%
Treasury shares	26,178	–	0.31%	–
Total	8,458,000	13,263,570	100.00%	100.00%

Delegation granted by the shareholders' meeting concerning capital increases

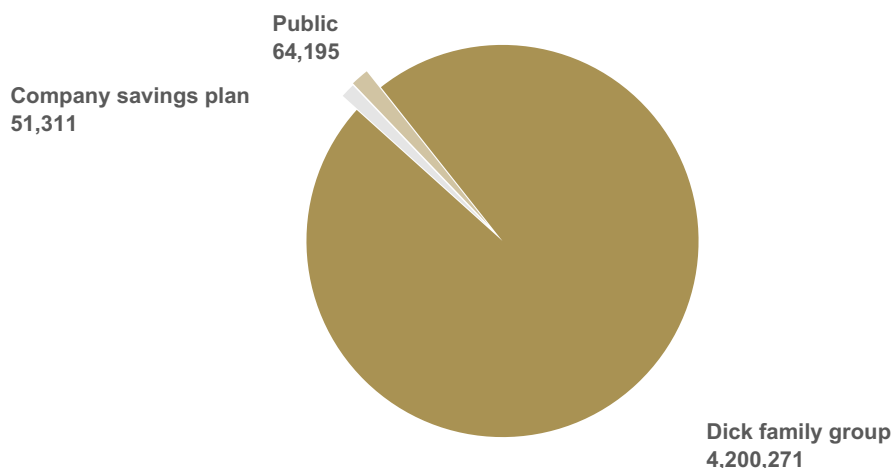
There is no delegation of authority granted by the shareholders' meeting in the area of capital increases; the company did not experience any capital increase.

Information likely to have an impact in the event of a public offering

Pursuant to article L225-100-3 of the French commercial code, it should be noted that certain shares have special control rights.

Treasury shares (26,178 shares) carry no voting rights.

A double voting right is granted to all shareholders holding their registered shares for at least two years. The following shares carry double voting rights:



Thresholds crossed

As of April 23, 2020, the company La Financière de l'Echiquier crossed the 2% of Virbac capital threshold upwards. As of that date, it owned 171,154 shares, or 1.004% of the total number of shares and 1.316% of the voting rights.

As of November 3, 2020, the company Highclere International crossed the 1% of Virbac capital threshold upwards. As of that date, it owned 84,892 shares, or 2.024% of the total number of shares.

STOCK MARKET DATA

in €	2016	2017	2018	2019	2020
Highest share price	€223.80	€177.30	€150.80	€250.00	€244.00
Lowest share price	€127.00	€102.10	€103.00	€112.20	132,20
Average share price	€162.29	€141.43	€126.18	€169.82	198,68
Closing share price	€167.20	€123.50	€113.80	€236.50	238,00

Shareholder structure and stock market performance

Virbac provides clear, consistent and transparent information to its individual and institutional shareholders and their advisors (financial analysts).

This information is relayed by means of financial announcements published in the French media, press releases published on financial websites and the *AMF* website, and publication of Group quarterly revenue figures and interim results as required by law.

Employee holdings in share capital

Pursuant to article L225-102 of the French commercial code, the employees of the company and companies associated with them owned 87,588 Virbac shares, representing a share capital of 1.04%, which were held through an employee savings plan and registered performance-related stock grants as of December 31, 2020.

Relations with individual investors

The corporate.virbac.com website has a financial information section that is regularly updated. It allows Group financial information to be obtained and downloaded: press releases, annual and interim financial statements and annual reports. Internet users may also email questions pertaining to Group financial matters to finances@virbac.com.

Since 2007, in accordance with the obligations of the transparency directive and the general regulation of the *AMF*, the Investors part contains all of the information required by the directive.

Relations with institutional investors

The managers are widely involved in communicating with the investors and analysts they meet over the course of the year, primarily in the Paris and London markets.

Analyst meetings and conference calls are arranged to coincide with the publication of results, acquisitions or other major events for the Group.

The Financial Affairs department is available to answer any questions investors and analysts may have regarding the Group's strategy, products, published results or major events.

Combined ordinary and extraordinary shareholders' meeting of June 21, 2021

Explanatory statement and draft resolutions

ORDINARY BUSINESS

1. Approval of the statutory accounts of the financial year 2020

Statement

Resolutions 1, 2 and 3: approval of the annual accounts (parent company and consolidated), allocation of profit from the 2020 financial year and determination of dividends

The ordinary shareholders' meeting is convened to approve:

- the statutory accounts along with an income statement that shows a net profit of €151,122,870.09 in 2020;
- the consolidated accounts from the 2020 financial year, with details and explanations appearing on pages 135 to 191;
- allocation of profit.

The distribution of a dividend will be proposed to the shareholders' meeting in the amount of €0.75 per share, *i.e.* a total amount of €6,343,500.

Resolutions

First resolution: approval of the statutory accounts for the 2020 financial year

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, after having heard the reports from the board of directors and the statutory auditors, approves, as they were presented, the statutory accounts for the financial year ending December 31, 2020 showing a net profit of €151,122,870.09, as well as the transactions reflected in these accounts or summarized in said reports.

The shareholders' meeting also approves the expenditures incurred during the past financial year related to the transactions that fall within the scope of article 39-4 of the French general tax code, representing a total of €441,005. As a consequence, the shareholders' meeting grants the board of directors full and unreserved discharge of their duties for the aforementioned financial year.

Second resolution: approval of the 2020 consolidated accounts

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholder's meeting, after having heard the reports from the board of directors and the statutory auditors for the financial year ending December 31, 2020, approves, as they were presented, the consolidated accounts for this financial year, showing a net profit of €137,464,878 attributable to the owners of the parent company.

The shareholders' meeting also approves the transactions reflected in these accounts or summarized in said reports.

Third resolution: allocation of profit

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, elects to allocate the profit for the financial year as follows:

in €	In respect of 2020
Net result for the period	151,122,870.09
Retained earnings carried forward	388,151,395.33
Distributable result	539,274,265.42
Distribution of dividend	6,343,500.00
Retained earnings for the period	144.779.370,09

The dividend distributed for each share with the nominal value of €1.25 amounts to €0.75. The dividend to be distributed will be detached from the share on June 23, 2021 and will be payable on June 25, 2021.

The shareholders' meeting decides that, in accordance with the provisions of article L225-210 of the French commercial code, the amount of the dividend corresponding to the treasury shares on the date of payment will be allocated to the retained earnings account, which will therefore be increased by this amount.

The shareholders' meeting acknowledges that the shareholders have been informed:

- that since January 1, 2018, the distributed income is subject to a single flat-rate deduction ("flat tax") of 30%, *i.e.* 12.8% for income tax and 17.2% for social security deductions;
- that the mandatory lump sum deduction not discharging the income tax is maintained but its rate is aligned with that of the flat tax (12.8% - art. 117 *quater* of the French general tax code);
- that natural persons belonging to a tax household whose reference tax income for the previous year is less than €50,000 (single, divorced or widowed taxpayers) or €75,000 (taxpayers subject to joint taxation) may request to be exempted from the flat-rate non-discharging deduction of 12.8% in respect of income tax; the exemption request must be made, under the responsibility of the shareholder, no later than November 30 of the year preceding the payment of the dividend;
- that the option for taxation of the dividend on the progressive scale remains possible and must be indicated on the tax return; in this case, the flat-rate non-discharging deduction of 12.8% will be deducted from the tax due. The 40% reduction will be maintained, but social security contributions will be based on the amount before reduction.

It is specified that the amount of income distributed for the year ended December 31, 2020 eligible for the 40% reduction provided for in article 158, 3-2 of the French general tax code amounts to €6,343,500, *i.e.* all dividends distributed.

The shareholders were also reminded that, in accordance with the provisions of article L136-7 of the French social security code, social security contributions on dividends paid to natural persons domiciled for tax purposes in France are subject to the same rules as the deduction mentioned in article 117 *quater* of the French general tax code, *i.e.* debited at source by the paying institution, when the latter is established in France, and paid to the Treasury within the first fifteen days of the month following the payment of dividends.

Pursuant to article 243 *bis* of the French general tax code, it is recalled that distributions made for the three previous financial years were as follows:

in €	Dividend per share	Global distribution
In respect of 2017	—	—
In respect of 2018	—	—
In respect of 2019	—	—

2. Regulated agreements

Statement

Resolution 4: agreements and commitments known as "regulated", pursuant to article L225-38 *et seq.* of the French commercial code

No agreements or commitments subject to the provisions of article L225-38 of the French commercial code were entered into or renewed in the 2020 financial year, and there is no agreement or commitment already approved by the shareholders' meeting that would continue during the past financial year.

However, a resolution will be presented at the shareholders' meeting to acknowledge the absence of regulated agreements and commitments.

Resolution

Fourth resolution: regulated agreements and commitments referred to in article L225-38 of the French commercial code

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, having acquainted itself with the special report of the statutory auditors noting the absence of agreements and commitments subject to the provisions of article L225-38 of the French commercial code, shall simply take note of them.

3. Board of directors – renewal of the mandate of members of the board of directors

Statement

Resolutions 5 and 6

The general meeting of shareholders of December 15, 2020 decided to modify, with effect from the same day, the mode of administration and management and to adopt the form of public limited company with board of directors governed by articles L225-17 to L225-56 of the French commercial code, replacing the supervisory board and the executive board.

The shareholders' meeting has also appointed as members of the new board of directors all former members of the supervisory board. The term of office of the members of the board of directors is three years; however, in order to allow for a staggering of the terms of office of the members of the board of directors, the meeting validated a different term of office, depending on the directors.

Accordingly:

- Marie-Hélène Dick-Madelpuech's term of office as chairwoman of the board of directors expires at the end of this shareholders' meeting;

accordingly, we propose that you renew Marie-Hélène Dick-Madelpuech's term of office as a member of the board of directors for a period of three years, until the end of the shareholders' meeting convened to approve the financial statements closed on December 31, 2023 (resolution 5).

- Solène Madelpuech's term of office as a member of the board of directors expires at the end of this shareholders' meeting;

accordingly, we propose that you renew Solène Madelpuech's term of office as a member of the board of directors for a period of three years, until the end of the shareholders' meeting convened to approve the financial statements closed on December 31, 2023 (resolution 6).

Information involving members of the board of directors appears in the Corporate governance report on pages 90 to 95.

Resolutions

Fifth resolution: renewal of the term of office of Marie-Hélène Dick-Madelpuech as a member of the board of directors

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, elects to renew Marie-Hélène Dick-Madelpuech's term of office as a member of the board of directors for a period of three years that will expire at the close of the shareholders' meeting convened to approve the accounts for the financial year ending December 31, 2023.

Sixth resolution: renewal of the term of office of Solène Madelpuech as a member of the board of directors

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, elects to renew Solène Madelpuech's term of office as a member of the board of directors for an additional period of three years that will expire at the close of the shareholders' meeting convened to approve the accounts for the financial year ending December 31, 2023.

4. Non-voting advisor – renewal of the non-voting advisor’s term

Statement

Resolution 7

The general meeting of shareholders of December 15, 2020 appointed the company Xavier Yon Consulting Unipessoal Lda, as non-voting advisor, until the end of this shareholders’ meeting.

Accordingly, we propose that you renew the term of office of the company Xavier Yon Consulting Unipessoal Lda, represented by Xavier Yon, as a non-voting advisor for a period of one year, or until the end of the shareholders’ meeting convened to approve the accounts for the 2021 financial year.

Information regarding the non-voting advisor appears in the Corporate governance report on page 107.

Resolution

Seventh resolution: renewal of the term of office of the company Xavier Yon Consulting Unipessoal Lda as a non-voting advisor

The shareholders’ meeting, in accordance with *quorum* and majority requirements for ordinary shareholders’ meetings, renews the term of office of the Xavier Yon Consulting company, represented by Xavier Yon, as a non-voting advisor.

Xavier Yon Consulting Unipessoal Lda’s term of office will end at the close of the shareholders’ meeting convened to approve the accounts for the financial year ending December 31, 2021.

5. Compensation

Statement

Resolutions 8 to 18

The information referred to in article L22-10-9 of the French commercial code, which is contained in the Corporate governance report and concerns the compensation of the company officers, is subject to resolutions submitted at the shareholders’ meeting.

The elements comprising total compensation and other benefits paid during the 2020 financial year or assigned under the same financial year to the chairwoman of the supervisory board, the chairman of the executive board and members of the executive board, who fulfilled their term of office up to December 15, 2020, are subject to the approval of the shareholders’ meeting as they appear in the Corporate governance report (pages 120 to 131).

In accordance with the provisions of article L22-10-34 of the French commercial code, payment of the variable portion of compensation for 2020 to members of the executive board and its chairman, in office until December 15, 2020, is subject to approval during the June 21, 2021 general meeting of shareholders.

The elements comprising the compensation policy of the members of the new governance bodies since December 15, 2020, namely the chairwoman of the board of directors, the members of the board of directors, the chief executive officer and the deputy chief executive officer, are the subject of resolutions submitted to the general meeting of shareholders.

Resolutions

Eighth resolution: approval of the information mentioned in article L22-10-9 I. of the French commercial code relating to the compensation of members of the supervisory board in office until December 15, 2020

The shareholders’ meeting, under conditions of *quorum* and majority required for ordinary shareholders’ meetings, pursuant to the provisions of article L22-10-34 I. of the French commercial code, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves the information involving supervisory board members, in office until December 15, 2020, referred to in article L22-10-9 I. of the French commercial code, as presented in the Corporate governance report (pages 120 to 121).

Ninth resolution: approval of the information mentioned in article L22-10-9 I. of the French commercial code relating to the compensation of members of the executive board in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, pursuant to the provisions of article L22-10-34 I. of the French commercial code, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves the information involving executive board members, in office until December 15, 2020, referred to in article L22-10-9 I. of the French commercial code, as presented in the Corporate governance report (pages 121 to 131).

Tenth resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded in the 2020 financial year to Marie-Hélène Dick-Madelpuech, chairwoman of the supervisory board, in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves, pursuant to article L22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2020 financial year or awarded under the same financial year to Marie-Hélène Dick-Madelpuech, chairwoman of the supervisory board, in office until December 15, 2020, as presented in the Corporate governance report (page 121).

Eleventh resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2020 financial year to Sébastien Huron, chairman of the executive board, in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves, pursuant to article L22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2020 financial year or awarded under the same financial year to Sébastien Huron, chairman of the executive board, in office until December 15, 2020, as presented in the Corporate governance report (pages 121 to 124).

Twelfth resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2020 financial year to Christian Karst, member of the executive board, in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves, pursuant to article L22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2020 financial year or awarded under the same financial year to Christian Karst, member of the executive board, in office until December 15, 2020, as presented in the Corporate governance report (pages 121 to 122 and 124 to 125).

Thirteenth resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2020 financial year to Habib Ramdani, member of the executive board, in office until December 15, 2020

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, approves, pursuant to article L22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2020 financial year or awarded under the same financial year to Habib Ramdani, member of the executive board, in office until December 15, 2020, as presented in the Corporate governance report (pages 121 to 122 and 126 to 127).

Statement

Resolutions 14 to 18: approval of the compensation policy for members of the board of directors, the chief executive officer and deputy chief executive officers for the 2021 financial year

Pursuant to article L225-37 of the French commercial code, the board of directors submits the Corporate governance report, which describes the elements of the company officers' compensation policy, for approval by the shareholders' meeting. Pursuant to article L22-10-8 of the French commercial code, this report submits for approval by the shareholders' meeting the principles and criteria applicable to the determination, distribution and allocation of the fixed, variable and extraordinary elements comprising total compensation and benefits of any nature attributable to members of the board of directors, the chief executive officer and the deputy chief executive officers, due to the exercise of their term of office for the 2021 financial year, and for the current period until the shareholders' meeting that will be convened to approve this policy, in accordance with the law and constituting the compensation policy involving them.

These principles and criteria adopted by the board of directors on the recommendation of the compensation and appointment committee are presented in the report provided by the aforementioned article and appearing in the Corporate governance report on pages 110 to 119. They will apply up to the next shareholders' meeting, which will be convened to approve this policy, in accordance with the law.

Resolutions

Fourteenth resolution: approval of the compensation policy of the chairwoman of the board of directors for the 2021 financial year

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L22-10-8 of the French commercial code, the compensation policy for the chairwoman of the board of directors for the 2021 financial year, as presented in the Corporate governance report (page 112).

Fifteenth resolution: approval of the compensation policy of the members of the board of directors for the 2021 financial year

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L22-10-8 of the French commercial code, the compensation policy for the members of the board of directors for the 2021 financial year, as presented in the Corporate governance report (page 112).

Sixteenth resolution: approval of the compensation policy of the chief executive officer for the 2021 financial year

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L22-10-8 of the French commercial code, the compensation policy for the chief executive officer for the 2021 financial year, as presented in the Corporate governance report (pages 113 to 115).

Seventeenth resolution: approval of the compensation policy of the deputy chief executive officers for the 2021 financial year

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, having acquainted itself with the Corporate governance report referred to in article L225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L22-10-8 of the French commercial code, the compensation policy for the deputy chief executive officers for the 2020 financial year, as presented in the Corporate governance report (pages 116 to 119).

Statement

Resolution 18: setting of the compensation allocated to the members of the board of directors and the non-voting advisor

At the general meeting of shareholders, a proposal will be made to allocate the sum of €178,500 to the board of directors for the purposes of compensating its members and the non-voting advisor for the current financial year. It is specified that the amount allocated in 2020 to the members of the supervisory board and the non-voting advisor was €160,000. The board of directors will determine the distribution of this sum among its members and the non-voting advisor.

Resolution

Eighteenth resolution: setting the amount of compensation allocated to the members of the board of directors and the non-voting advisor

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, elects to grant the sum of €178,500 for the purposes of compensating its members for the 2021 financial year; said sum is to be distributed among its members and the non-voting advisor by the board of directors.

6. Authorization to be granted to the board of directors to buy back shares of the company

Statement

Resolution 19: authorization to be granted to the board of directors to buy back shares of the company

The ordinary shareholders' meeting of June 18, 2019 authorized the Virbac parent company to buy back treasury shares in accordance with articles L22-10-62 of the French commercial code and in line with the terms of the buyback plan set out in the prospectus published by our professional distributor and on the company's website.

On December 31, 2020, Virbac held a total of 21,304 treasury shares, acquired on the market for a total of €3,294,030 excluding fees, for an average price of €154.62 per share.

During the financial year, the company bought 81,194 treasury shares (at an average price of €194.82) and sold 80,929 treasury shares (at an average price of €197.23) as part of a market-making contract. In 2020, no shares were purchased or sold as part of performance-related stock grants.

As of December 31, 2020, treasury shares accounted for 0.25% of Virbac's capital. They are earmarked in part for market-making and performance-related stock grants, as well as for possible capital reduction, in accordance with the nineteenth resolution submitted to you at this meeting.

A resolution will be submitted for the approval of the shareholders' meeting, authorizing the company to buy back company shares of up to 10% of the capital. Shares may be acquired with a view to:

- ensure liquidity or supporting the market price via an independent investment services provider pursuant to a liquidity agreement in accordance with a code of ethics recognized by the French financial markets authority (*Autorité des marchés financiers, AMF*);
- allocate performance-related stock grants;
- reduce the company's share capital by cancelling part or all of the shares repurchased, subject to the adoption by this shareholder's meeting of the resolution on the authorization to reduce the share capital by cancellation of repurchased shares.

The maximum unit purchase price may not exceed €350 per share. When calculating the maximum number of shares, shares already purchased under the aforementioned prior authorizations will be included, together with those that could be purchased under the liquidity agreement.

Resolutions

Nineteenth resolution: authorization to be granted to the board of directors to buy back shares of the company

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, after having heard the report from the board of directors, authorizes the board of directors, with the option of sub-delegation, in accordance with the provisions of articles L22-10-62 *et seq.* of the French commercial code, to buy back shares representing up to a maximum of 10% of the company's share capital on the date of this meeting, in order to:

- ensure liquidity or support the market price via an independent investment services provider pursuant to a liquidity agreement in accordance with a code of ethics recognized by the French financial markets authority (*Autorité des marchés financiers*);
- proceed with the allocation of bonus performance-related stock grants under the provisions of articles L225-197-1 *et seq.* of the French commercial code;
- reduce the company's share capital by cancelling all or part of the shares purchased.

The maximum unit purchase price may not exceed €350 per share.

The maximum transaction amount that could be carried out pursuant to this resolution, taking into account the 23,856 shares already held as of February 28, 2021, is thus set at €287,680,400.

In the event of a capital increase through incorporation of reserves and allocation of performance-related stock grants, a share split or reverse shares split, this amount will be adjusted by a multiplier equal to the ratio between the number of shares in the share capital prior to the transaction and the number after the transaction.

This authorization, which cancels and supersedes any previous authorization of the same nature, in particular the one granted by the shareholders' meeting of June 22, 2020 in its twentieth resolution, is granted for a period of 18 months from the date of this meeting.

All powers are conferred to the executive board, with the power of delegation, to place all orders, enter into all agreements, carry out all formalities and declarations with any organization, in particular the French financial markets authority and, more generally, to do what will be necessary for the purposes of carrying out transactions performed in accordance with this authorization.

EXTRAORDINARY BUSINESS

7. Authorization to be granted to the board of directors for the purpose of reducing the share capital by cancelling treasury shares held by the company

Statement

Resolution 20: authorization to be granted to the board of directors for the purpose of reducing the share capital by cancelling treasury shares held by the company

The shareholder's meeting of June 18, 2019 authorized the executive board, under the provisions of article L22-10-62 of the French commercial code, for a period of twenty-six months, to reduce capital on one or more occasions, up to a maximum of 10.0% by cancellation of all or part of the shares held by the company or which could be held by the company following repurchases carried out under article L22-10-62 of the French commercial code, in particular with respect to the resolution authorizing the executive board to purchase shares in the company.

It is noted that during this twenty-six month period, the executive board made no capital reductions.

As the duration of the authorization expires at the end of the next shareholders' meeting, we hereby submit a resolution to authorize the board of directors to proceed, potentially, with a capital decrease of one or more times within the limit of 10.0% by cancelling all or part of the shares that the company holds or may hold for a new period of twenty-six months.

Twentieth resolution: authorization to be granted to the board of directors for the purpose of reducing the share capital by cancelling treasury shares held by the company

The shareholder's meeting, in accordance with *quorum* and majority requirements for extraordinary shareholders' meetings, after having heard the board of directors' report and the special report of the statutory auditors:

- authorizes the board of directors to cancel, on one or more occasions, all or part of the shares held by the company or which could be held by the company following buybacks carried out under article L22-10-62 of the French commercial code, up to a maximum of 10% of the total number of shares per period stipulated by law, by attributing the difference between the purchase value of the cancelled shares and the nominal value on the premiums and available reserves, including, in part, up to 10% of the capital cancelled from the legal reserve;
- authorizes the board of directors to record that one or more capital decreases have been carried out and, as a result, amend the bylaws and carry out all requisite formalities;
- authorizes the board of directors to delegate all powers needed to implement its decisions, all in accordance with the legal provisions in effect at the time of the use of this authorization;
- this authorization is valid for a term of twenty-six months from the date of this shareholders' meeting.

8. Authorization to be granted to the board of directors for the purpose of proceeding with the allocation of bonus performance-related stock grants

Statement

Resolution 21: authorization to be granted to the board of directors for the purpose of proceeding with the allocation of bonus performance-related stock grants

The shareholder's meeting of June 20, 2018 adopted a resolution to extend for a new 38-month period the possibility of allocating company performance-related stock grants, in compliance with the provisions of article L225-197-1 *et seq.*, of the French commercial code.

This resolution allows for bonus performance-related stock grants to be awarded to managers or comparable employees, or certain categories thereof, as well as to the company officers referred to in article L225-197-1 of the French commercial code, both for Virbac and the companies that are either directly or indirectly associated with it, in accordance with article L225-197-2 of the French commercial code.

The total number of performance-related stock grants awarded may not represent over 1.0% of Virbac's capital. The allocation is made with no dilution, the company purchasing the number of required shares on the market.

Similar to the prior authorization, the bonus performance-related stock grants will only be definitive at the end of a vesting period of at least two years, with the shares thus held also having to be retained for at least two years from the end of the vesting period. The board of directors will determine the identity of the beneficiaries as well as the terms and grant criteria for the shares that will be linked to the improvement in the Group's performance levels.

As the duration of the authorization expires at the end of the next shareholders' meeting, we are submitting a new resolution that will cancel and replace the previous authorization. For more details, see page 128.

The executive officers have undertaken not to resort to hedging transactions for their risk of performance-related stock grants, until the end of the share lock-in period set by the board of directors.

Resolution

Twenty-first resolution: authorization to be granted to the board of directors to proceed with allocations of bonus performance-related stock grants

The shareholder's meeting, in accordance with *quorum* and majority requirements for extraordinary shareholders' meetings, after having heard the board of directors' report and the special report of the statutory auditors, and in accordance with articles L225-197-1 *et seq.* of the French commercial code:

- authorizes the board of directors to award, on one or more occasions, bonus performance-related stock grants of existing Virbac shares to managers or comparable employees, or certain categories thereof, as well as to the company officers referred to in article L225-197-1 of the French commercial code, both from Virbac and the companies that are either directly or indirectly associated with it, in accordance with article L225-197-2 of the French commercial code;
- resolves that the total number of performance-related stock grants that may be awarded under this authorization, may not exceed 1% of Virbac's share capital as valued on the day of the adoption of the award resolution by the board of directors, subject to the regulatory adjustments necessary to protect the rights of the beneficiaries of the shares;
- resolves that, within the aforementioned set limit, the number of performance-related stock grants awarded to the chief executive officer and the deputy chief executive officers during the term of this authorization may not exceed 0.5% of the capital as of the day of award;
- resolves that the final award of the existing performance-related stock grants shall be contingent upon fulfillment of the individual and collective performance criteria to be defined by the board of directors;
- resolves that the awarding of the performance-related stock grants to the awardees shall be final at the end of a minimum vesting period of two years;
- resolves that the minimum holding period of the performance-related stock grants by the awardees shall be two years;
- vests all powers in the board of directors, with the option of sub-delegation, to implement this authorization for the purpose, in particular, of:
 - determining the identity of the beneficiaries or of the category(ies) of beneficiaries of the bonus performance-related stock grants among the personnel and the corporate officers of the company or the aforementioned companies and the number of shares awarded to each of them;
 - determining the term of the vesting period, and deciding if applicable or not to set a holding period for the shares;
 - determining whether the performance criteria according to which the shares would be awarded were satisfied, and adding, where applicable, all the conditions and criteria that it deems relevant;
 - setting the conditions and, where applicable, the criteria for awarding bonus performance-related stock grants. For shares awarded to the company officers, the board of directors shall resolve either that the performance-related stock grants may not be surrendered by the beneficiaries prior to leaving the company,

or shall set the quantity of performance-related stock grants awarded that they must keep as registered shares until they leave the company;

- having the right to temporarily suspend the allocation rights;
 - setting final awarding dates and the dates as from which the shares may be freely surrendered, taking account of the legal restrictions;
 - recording the performance-related stock grants awarded as registered shares in the name of their holder, mentioning the holding period and the term of such holding period and lifting the holding period for the shares for any circumstance for which applicable regulations allow the lifting of the holding period.
- authorizes the board of directors to provide for, if applicable, the permanent allocation of the shares before the end of the vesting period and the elimination of the holding period in the event of the disability of the beneficiary corresponding to classification in the second or third categories provided in article L341-4 of the French social security code, as well as in the event of the death of the beneficiary;
 - authorizes the board of directors, where applicable, to adjust the number of performance-related stock grants awarded related to any transactions involving the share capital of Virbac;
 - delegates all powers to the board of directors, with the option of sub-delegation within the statutory limits, to implement this authorization, to perform all acts and formalities and make all representations and generally to do whatever is necessary.

The shareholder's meeting takes note of the fact that, if the board of directors uses this authorization, it shall inform the shareholders' meeting each year of the transactions carried out under the provisions of articles L225-197-1 to L225-197-3 of the French commercial code under the conditions provided for in article L225-197-4 of said code.

This authorization is granted for a period of 38 months as from the day of this meeting and renders the unused portion of the twenty-fifth resolution of the combined shareholders' meeting of June 20, 2018 ineffective.

9. Powers for formalities

Statement

Resolution 22: powers

This resolution is intended to confer the necessary powers to carry out the formalities subsequent to the shareholders' meeting.

Resolution

Twenty-second resolution: powers for formalities

The shareholders' meeting, in accordance with *quorum* and majority requirements for ordinary shareholders' meetings, confers all powers to the bearer of an original, an extract or a copy of these meeting minutes in order to carry out all formalities stipulated by law.

VIRBAC
« société anonyme » with capital of €10 572 500
Registered : 1^{ère} avenue 2065M, L.I.D. 06516 Carros
417 350 311 RCS GRASSE

Request for documents and information

Combined ordinary and extraordinary shareholder's meeting of June 21, 2021

Mr. /Mrs.: _____

Address: _____

Owner of _____ shares of the company **VIRBAC**,

Hereby request to be sent the documents and information mentioned in article R225-83 of the French commercial code, as specified in article R225-88 of this code, for the combined ordinary and extraordinary shareholder's meeting of June 21, 2021.

Made at _____, on _____ 2021

Signature

Notice: the owners of shares may require the company to send the documents specified in articles R225-81 and R225-83 of the French commercial code, in advance of all subsequent general meetings.



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YOUR SERVICE
ON 5 CONTINENTS**

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Virbac