



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

Tuesday June 21, 2022 at 9:00 a.m.
Virbac Direction 13^e rue LID 06517 Carros

**Shaping the future
of animal health**

AVIS DE RÉUNION

Publié au BALO (Bulletin des annonces légales obligatoires) le 9 mai 2022.

Assemblée générale ordinaire du 21 juin 2022

Mesdames et messieurs les actionnaires sont informés qu'une assemblée générale ordinaire se tiendra le 21 juin 2022 à 9 heures, dans les bâtiments de Virbac direction, 13^e rue LID, 06517 Carros.

Avertissement :

Dans le contexte de l'épidémie du Covid-19 les modalités d'organisation et de participation des actionnaires à l'assemblée générale pourraient être modifiées en fonction des évolutions législatives et réglementaires qui interviendraient postérieurement à la parution du présent.

Les actionnaires sont invités à consulter régulièrement la rubrique dédiée à l'assemblée générale sur le site de la société <https://corporate.virbac.com/fr/home.html> pourrait être mise à jour pour préciser, le cas échéant, les modalités définitives de participation à l'assemblée générale.

Les actionnaires qui souhaitent être présents physiquement à l'assemblée générale devront respecter les mesures sanitaires applicables. Il est rappelé que les actionnaires peuvent exercer leur droit de vote à distance ou par correspondance préalablement à l'assemblée, à l'aide du formulaire de vote ou par internet sur la plateforme vote sécurisée VOTACCESS. Ils peuvent également donner pouvoir au président de l'assemblée ou à une personne de leur choix selon les mêmes modalités. Les actionnaires sont encouragés à privilégier la transmission de toutes leurs demandes et documents par voie électronique.

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

1. Approbation des comptes sociaux de l'exercice 2021
2. Approbation des comptes consolidés de l'exercice 2021
3. Affectation du résultat
4. Conventions et engagements réglementés visés à l'article L.225-38 du Code de commerce
5. Renouvellement du mandat de Pierre Madelpuech qualité de membre du conseil d'administration,
6. Renouvellement du mandat de la société Cyrille Petit Conseil représentée par Cyrille Petit qualité de membre du conseil d'administration
7. Renouvellement du mandat de la société Xavier Yon Consulting Unipessoal Lda en qualité de censeur
8. Renouvellement du mandat de Rodolphe Durand en qualité de censeur
9. Renouvellement du mandat de la société Deloitte & Associés, commissaire aux comptes titulaire
10. Renouvellement du mandat de la société Novances-David & Associés, commissaire aux comptes titulaire,
11. Approbation des informations mentionnées à l'article L22-10-9 I. du Code de commerce relatives à la rémunération des membres du conseil d'administration
12. Approbation des informations mentionnées à l'article L.22-10-9 I. du Code de commerce relatives à la rémunération du directeur général et des directeurs généraux délégués
13. Approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2021 à Marie-Hélène Dick-Madelpuech, présidente du conseil d'administration
14. Approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2021 à Sébastien Huron, directeur général délégué
15. Approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2021 à Habib Ramdani, directeur général délégué
16. Approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2021 à Marc Bistuer, directeur général délégué
17. Approbation de la politique de rémunération de la présidente du conseil d'administration pour l'exercice 2022
18. Approbation de la politique de rémunération des membres du conseil d'administration pour l'exercice 2022
19. Approbation de la politique de rémunération de Sébastien Huron, directeur général pour l'exercice 2022
20. Approbation de la politique de rémunération d'Habib Ramdani, directeur général délégué pour l'exercice 2022
21. Approbation de la politique de rémunération de Marc Bistuer, directeur général délégué pour l'exercice 2022
22. Fixation du montant de la rémunération allouée aux membres du conseil d'administration et aux censeurs
23. Autorisation à conférer au conseil d'administration aux fins de procéder au rachat d'actions de la société
24. Pouvoirs en vue des formalités

TEXTE DES RÉSOLUTIONS PROPOSÉES

Première résolution : approbation des comptes sociaux de l'exercice 2021

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 2021 et qui font ressortir un bénéfice net de 68 350 160,31 €, 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 465 626 €. 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 2021

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 2021, 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 113 162 216 €.

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 2021	
Bénéfice de l'exercice	68,350,160.31
Report à nouveau antérieur	532,942,374.67
Bénéfice distribuable	601,292,534.98
Distribution de dividende	10,572,500.00
Affectation au report à nouveau	57,777,660.31

Le dividende distribué à chaque action au nominal de 1,25 € s'élève à 1,25 €. Le dividende à distribuer sera détaché de l'action le 24 juin 2022 et sera payable le 28 juin 2022.

L'assemblée décide, que conformément aux dispositions de l'article L.225-210 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 2021 éligible à l'abattement de 40% prévu à l'article 158, 3-2° du Code général des impôts s'élève à 10 572 500 €, 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 public 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 2018	—	—
Au titre de l'exercice 2019	—	—
Au titre de l'exercice 2020	0.75	6,331,890.75

Quatrième résolution : conventions et engagements réglementés visés à l'article L.225-38 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 convention de la nature de celles visées à l'article L.225-38 du Code de commerce, en prend acte purement et simplement.

Cinquième résolution : renouvellement du mandat de Pierre Madelpuech en 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 Pierre 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 2024.

Sixième résolution : renouvellement du mandat de la société Cyrille Petit Conseil, représentée par Cyrille Petit, en 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 la société Cyrille Petit Conseil, représentée par Cyrille Petit, 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 2024.

Septième résolution : renouvellement du mandat de la société Xavier Yon Consulting Unipessoal Lda, représentée par Xavier Yon, 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 Unipessoal Lda, 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 2022.

Huitième résolution : renouvellement du mandat de Rodolphe Durand 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 Rodolphe Durand en qualité de censeur.

Le mandat de Rodolphe Durand prendra fin à l'issue de l'assemblée générale appelée à statuer sur les comptes de l'exercice clos le 31 décembre 2022.

Neuvième résolution : renouvellement du mandat de la société Deloitte & Associés, commissaire aux comptes titulaire

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, décide de renouveler le mandat de la société Deloitte & Associés en qualité de commissaire aux comptes titulaire pour une période de six exercices, soit jusqu'à l'assemblée qui statuera sur les comptes de l'exercice clos le 2027.

Dixième résolution : renouvellement du mandat de la société Novances-David & Associés, commissaire aux comptes titulaire

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, décide de renouveler le mandat de la société Novances-David & Associés en qualité de commissaire aux comptes titulaire pour une période de six exercices, soit jusqu'à l'assemblée qui statuera sur les comptes de l'exercice clos le 2027.

Onzième résolution : approbation des informations mentionnées à l'article L.22-10-9 I. du Code de commerce relatives à la rémunération des membres du conseil d'administration

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, conformément aux dispositions de l'article L.22-10-34 I. du Code de commerce, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L.225-37 du Code de commerce, approuve, les informations relatives aux membres du conseil d'administration, mentionnées à l'article L.22-10-9 I. du Code de commerce, telles que présentées dans le rapport sur le gouvernement d'entreprise (pages 113 à 115 et 125 et 126).

Douzième résolution : approbation des informations mentionnées à l'article L.22-10-9 I. du Code de commerce relatives à la rémunération du directeur général et des directeurs généraux délégués

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, conformément aux dispositions de l'article L.22-10-34 I. du Code de commerce, connaissance prise du rapport sur le gouvernement d'entreprise visé à l'article L.225-37 du Code de commerce, approuve, les informations relatives au directeur général et aux directeurs généraux délégués, mentionnées à l'article L.22-10-9 I. du Code de commerce, telles que présentées dans le rapport sur le gouvernement d'entreprise (pages 113, 115 à 125 et 126 à 138).

Treizième résolution : approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2021 à Marie-Hélène Dick-Madelpuech, présidente du conseil d'administration

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 L.225-37 du Code de commerce, approuve, en application de l'article L.22-10-34 II. du Code de commerce, les éléments composant la rémunération et autres avantages versés au cours de l'exercice 2021 ou attribués au titre du même exercice à Marie-Hélène Dick-Madelpuech, présidente du conseil d'administration, tels que présentés dans le rapport sur le gouvernement d'entreprise (pages 125 et 126).

Quatorzième résolution : approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2021 à Sébastien Huron, directeur général

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 L.225-37 du Code de commerce, approuve, en application de l'article L.22-10-34 II. du Code de commerce, les éléments composant la rémunération et autres avantages versés au cours de l'exercice 2021 ou attribués au titre du même exercice à Sébastien Huron, directeur général, tels que présentés dans le rapport sur le gouvernement d'entreprise (pages 126 à 129 et 132 à 138).

Quinzième résolution : approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2021 à Habib Ramdani, directeur général délégué

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 L.225-37 du Code de commerce, approuve, en application de l'article L.22-10-34 II. du Code de commerce, les éléments composant la rémunération et autres avantages versés au cours de l'exercice 2021 ou attribués au titre du même exercice à Habib Ramdani, directeur général délégué, tels que présentés dans le rapport sur le gouvernement d'entreprise (pages 130 à 138).

Seizième résolution : approbation des éléments composant la rémunération et les avantages de toute nature versés au cours ou attribués au titre de l'exercice 2021 à Marc Bistuer, directeur général délégué

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 L.225-37 du Code de commerce, approuve, en application de l'article L.22-10-34 II. du Code de commerce, les éléments composant la rémunération et autres avantages versés au cours de l'exercice 2021 ou attribués au titre du même exercice à Marc Bistuer, directeur général délégué, tels que présentés dans le rapport sur le gouvernement d'entreprise (pages 131 à 138).

Dix-septième résolution : approbation de la politique de rémunération de la présidente du conseil d'administration pour l'exercice 2022

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 L.225-37 du Code de commerce, décrivant les éléments de la politique de rémunération des mandataires sociaux, approuve, en application de l'article L.22-10-8 du Code de commerce, la politique de rémunération de la présidente du conseil d'administration, pour l'exercice 2022, telle que présentée dans le rapport sur le gouvernement d'entreprise (pages 113 à 115).

Dix-huitième résolution : approbation de la politique de rémunération des membres du conseil d'administration pour l'exercice 2022

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 L.225-37 du Code de commerce, décrivant les éléments de la politique de rémunération des mandataires sociaux, approuve, en application de l'article L.22-10-8 du Code de commerce, la politique de rémunération des membres du conseil d'administration, pour l'exercice 2022, telle que présentée dans le rapport sur le gouvernement d'entreprise (pages 113 à 115).

Dix-neuvième résolution : approbation de la politique de rémunération de Sébastien Huron, directeur général, pour l'exercice 2022

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 L.225-37 du Code de commerce, décrivant les éléments de la politique de rémunération des mandataires sociaux, approuve, en application de l'article L.22-10-8 du Code de commerce, la politique de rémunération de Sébastien Huron, directeur général pour l'exercice 2022, telle que présentée dans le rapport sur le gouvernement d'entreprise (pages 115 à 120).

Vingtième résolution : approbation de la politique de rémunération d'Habib Ramdani, directeur général délégué, pour l'exercice 2022

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 L.225-37 du Code de commerce, décrivant les éléments de la politique de rémunération des mandataires sociaux, approuve, en application de l'article L.22-10-8 du Code de commerce, la politique de rémunération d'Habib Ramdani, directeur général délégué pour l'exercice 2022, telle que présentée dans le rapport sur le gouvernement d'entreprise (pages 120 à 123).

Vingt-et-unième résolution : approbation de la politique de rémunération de Marc Bistuer, directeur général délégué, pour l'exercice 2022

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 L.225-37 du Code de commerce, décrivant les éléments de la politique de rémunération des mandataires sociaux, approuve, en application de l'article L.22-10-8 du Code de commerce, la politique de rémunération de Marc Bistuer, directeur général délégué, pour l'exercice 2022, telle que présentée dans le rapport sur le gouvernement d'entreprise (pages 120 et 121 et 123 à 125).

Vingt-deuxième résolution : fixation du montant de la rémunération allouée aux membres du conseil d'administration et aux censeurs

L'assemblée générale, statuant aux conditions de *quorum* et de majorité requises pour les assemblées générales ordinaires, décide d'allouer, pour l'exercice 2022, une somme de 198 500 € à fin de rémunération de ses membres, laquelle somme sera répartie par le conseil d'administration entre ses membres et les censeurs.

Vingt-troisième résolution : autorisation à conférer au conseil d'administration 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 conseil d'administration, autorise le conseil d'administration, avec faculté de subdélégation, conformément aux dispositions de l'article L.22-10-62 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 L.225-197-1 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 1 000 € par titre.

Le montant maximal des opérations qui pourraient être effectuées en application de la présente résolution, compte tenu des 16 213 titres déjà détenus au 28 février 2022 est ainsi fixé à 829 587 000 €.

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 21 juin 2021 dans sa dix-neuvième résolution, est donnée pour une durée de 18 mois à compter de la présente assemblée.

Tous pouvoirs sont conférés au conseil d'administration, 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.

Vingt-quatrième 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.

A. 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 vendredi 17 juin 2022, 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.

B. 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 par voie postale

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 trois jours avant la tenue de l'assemblée, soit le vendredi 17 juin 2022, à la banque Société Générale – Service des Assemblées – CS 30812 – 44308 NANTES CEDEX 3.

3. Vote par correspondance ou procuration par internet :

Les actionnaires ont également la possibilité de voter par correspondance ou par procuration par Internet avant l'Assemblée générale, sur le site VOTACCESS, dans les conditions décrites ci-après.

- **Pour l'actionnaire au nominatif** : accéder au site VOTACCESS via le site Sharinbox dont l'adresse est la suivante : www.sharinbox.societegenerale.com.

- Les titulaires d'actions au nominatif pur devront se connecter au site Sharinbox avec leurs codes d'accès.
- Les titulaires d'actions au nominatif administré devront se connecter au site Sharinbox en utilisant leur numéro d'identifiant qui se trouve en haut et à droite de leur formulaire de vote papier.

Dans le cas où l'actionnaire n'est plus en possession de son identifiant et/ou son mot de passe, il peut contacter le numéro +33 2 51 85 67 89 mis à sa disposition. Après s'être connecté, l'actionnaire au nominatif devra suivre les indications données à l'écran afin d'accéder au site VOTACCESS et voter ou désigner ou révoquer un mandataire.

- **Pour l'actionnaire au porteur** : se renseigner auprès de son établissement teneur de compte afin de savoir s'il est connecté ou non au site VOTACCESS et, le cas échéant, si cet accès est soumis à des conditions d'utilisation particulières.

Si l'établissement teneur de compte de l'actionnaire est connecté au site VOTACCESS, l'actionnaire devra s'identifier sur le portail Internet de son établissement teneur de compte avec ses codes d'accès habituels. Il devra ensuite cliquer sur l'icône qui apparaît sur la ligne correspondant à ses actions et suivre les indications données à l'écran afin d'accéder au site VOTACCESS et voter ou désigner ou révoquer un mandataire.

Si l'établissement teneur de compte de l'actionnaire n'est pas connecté au site VOTACCESS, il est précisé que la notification de la désignation ou de la révocation d'un mandataire peut toutefois être effectuée par voie électronique conformément aux dispositions de l'article R.22-10-24 du Code de commerce, selon les modalités suivantes :

- l'actionnaire devra envoyer un email à l'adresse : legal@virbac.com. Cet email devra obligatoirement contenir les informations suivantes : nom de la société concernée, date de l'assemblée, nom, prénom, adresse et références bancaires du mandant ainsi que les nom, prénom et si possible l'adresse du mandataire ;
- l'actionnaire devra obligatoirement demander à son intermédiaire habilité qui assure la gestion de son compte titres d'envoyer une confirmation écrite au service assemblées générales de la banque Société Générale – Service des Assemblées – CS 30812 – 44308 NANTES CEDEX 3.

Seules les notifications de désignation ou révocation de mandats pourront être adressées à l'adresse électronique susvisée, toute demande ou notification portant sur un autre objet ne pourra être prise en compte et/ou traitée.

Afin que les désignations ou révocations de mandats exprimées par voie électronique puissent être valablement prises en compte, les confirmations devront être réceptionnées au plus tard le lundi 20 juin 2022 à 15h00, heure de Paris.

Le site VOTACCESS est ouvert à compter du vendredi 3 juin 2022 à 9h00, heure de Paris. La possibilité de voter par Internet avant l'assemblée générale prendra fin le lundi 20 juin 2022 à 15h00, heure de Paris.

Afin d'éviter tout engorgement éventuel du site VOTACCESS, il est vivement recommandé aux actionnaires de ne pas attendre la veille de l'Assemblée pour voter.

Pour toute procuration donnée par un actionnaire sans indication de mandataire, le président de l'assemblée émettra un vote favorable à l'adoption des projets de résolutions présentés ou agréés par le conseil d'administration, et un vote défavorable à l'adoption de tous les autres projets de résolutions.

C. 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'avis 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.

D. 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

2021 KEY EVENTS

Activity maintained despite the Covid-19 crisis

The pandemic had no significant adverse impact on the animal health sector so far, nor did it materially impact the activities of our Group. However, and as per our previous communications, we have implemented a set of measures including daily management measures, in order to prevent and limit any potential impact. In addition, our global presence in terms of geographical areas and species, our highly diversified product portfolio, our different distribution channels, the high responsiveness and adaptability of our teams throughout our organizational model, combined with the robustness of our financial situation, are assets in dealing with the consequences of this pandemic. Nonetheless, we continuously follow the evolution of the sanitary crisis and remain mobilized to address any new situation that would arise.

Virbac takes over assets from Elanco

Prior to the acquisition of the veterinary division of Bayer Animal Health (Bayer AH) by Elanco, the competition authorities of the European Commission imposed on it the sale, among other things, of three projects under development at Bayer AH which Virbac has acquired and for which we have accepted to continue development.

The agreement with Elanco was formalized through several contracts signed in the first quarter of 2021 and which provide for compensation upon Virbac's takeover of these development projects.

Compensation is of several types:

- transfer to Virbac of intellectual property and all assets held by Bayer AH inherent in these development projects;
- transfer to Virbac of the license agreement signed by Bayer AH with the holder of the rights to the molecule used in the development projects. In addition, Elanco undertakes to reimburse us for the next two payment installments (milestones) provided for in this contract;
- Elanco undertakes to offset our costs incurred by the development projects pursued up to the amount of €7 million. This compensation was the subject of a first payment of €4 million in April 2021, the balance to be paid in April 2022, provided that on the payment date, we have continued the development of the three projects;
- finally, Elanco transfers to us all rights relating to two products (Clomicalm and Itrafungol) marketed worldwide (mainly in the United States and Canada), as well as the inventories of finished products on the date of signature of the agreement, the book value of which at Elanco is estimated at €1.3 million. These products generated a turnover of approximately €11 million for Elanco in a full year.

Based on the analysis conducted in accordance with the criteria of the IFRS 3 standard, we concluded that the transaction signed with Elanco does not meet the qualification of a business combination.

Consequently, for the accounting treatment of the assets acquired, we have applied the accounting standard adapted to each asset class:

- the assets necessary for the continuation of the developments do not meet the accounting criteria for an intangible asset (IAS 38), since the expected future economic benefits are currently unlikely and the costs cannot be reliably assessed;
- in line with the license agreement transferred to the Group, Virbac will receive the payment related to the rights of the first two milestones (fixed price), after which the milestones payments become variable; as of today these future payments cannot be reliably estimated. As per the agreement signed, Elanco will reimburse Virbac for the first two milestones upon payments of the latter; therefore, no amounts were recognized in our accounts. As for the variable amounts, these will be recognized as intangible assets as they become payable, in compliance with the accounting policy historically used in similar situations;
- the acquisition cost of an intangible asset acquired separately includes its purchase cost, and any cost directly attributable to the preparation of the asset for use. Consequently, the intangible rights relating to the products marketed (Clomicalm and Itrafungol), whose acquisition cost is zero, are not recorded in our accounts;
- we acquired the inventories of Clomicalm and Itrafungol finished products on the date of signature of the contracts for a non-material purchase cost (transportation costs). The latter were not valued in the accounts as at 31 December 2021, in accordance with IAS 2;
- with regard to the compensation of €7 million, payable in two installments, these lump sums are considered to have been definitely acquired upon receipt, since there is no return possible and no counterpart expected from Virbac but the pursuance of the projects. Thus, the €4 million received in April 2021 were recorded on the "Other operating income and expenses" line.

Magny site disposal

As of July 1, 2021, Virbac sold Magny-en-Vexin industrial site to Friulchem, the company that has been our partner CMO (Contract manufacturing organization) for over twenty years. This follows a decrease in demand in recent

years, as a direct consequence of the regulations implemented to limit the use of antibiotics in industrial farming, which were the products manufactured in Magny-en-Vexin. This option will preserve the employment, the competitiveness of the site and the products. The sale is part of a long-term vision with a ten-year toll manufacturing agreement that may be extended.

The sale price of tangible and intangible assets amounts to €2.5 million. In addition, we have sold our raw materials inventories at cost for €2.3 million.

It should be noted that, according to our Group policy, only transactions with an impact on the result which is deemed material are classified in the non-current result, which is not the case for this transaction (loss of €0.5 million). Consequently, the loss has been recognized in the operating result of ordinary activities.

iVet LLC acquisition, a petfood company

On July 1, 2021, we finalized the acquisition of iVet LLC, a company founded in the United States in 2002 by independent veterinarians and a manufacturer of specialized petfood for companion animals. This company sells several ranges of petfood and operates a leading distribution and logistics platform. In addition, over the years, iVet has developed advanced capabilities to take online orders for veterinary clinics and deliver products directly to pet owners.

This acquisition allows us to benefit from iVet expertise in the distribution, logistics and e-commerce areas, in line with our ambition to develop the petfood segment on the American market.

As part of the acquisition, we recruited twenty iVet employees.

Centrovét acquisition of the non-controlling interests

During the second semester of 2021, we acquired the non-controlling interests of the company HSA, over two stages (15% in September and 34% in November), for a total of US \$61.4 million, fully paid at transaction date. In addition, there is an earn-out clause for a total of US \$3.8 million on the last stage of the transaction, the payment of which is considered as highly probable.

These two successive acquisitions result in HSA being fully owned by Virbac (100%) at the time of this financial report.

Since Centrovét was already fully consolidated (100%) since the acquisition of the majority rights on November 23, 2012, this transaction has no impact on the control exercised over these entities. In line with IFRS 10.23, changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are treated as equity transactions with no impact in assets and liabilities recognized (including goodwill).

HSA's net result for the period has been recognized as a result attributable to non-controlling interest for the period when these minority interests were held in 2021. The remainder has been reclassified under the Group's equity (refer to the statement of change in equity).

With regards to the earn-out clauses, the related conditions of realisation will be assessed between 2024 and 2027. As a result, we have recognized 100% of the potential amount as a non-current financial liability as of December 31, 2021.

With this acquisition, we are consolidating our position in the strategic segment of the aquaculture (Chile being the world's second largest producer of salmon). Thanks to its industrial footprint and R&D infrastructures, Centrovét gives us a real competitive advantage in the Chilean aquaculture industry. With a highly committed team, our ambition is to further bring innovative products and solutions to the local market and to search for additional synergies on the R&D and manufacturing sides between the cold and warm-water fish segments.

Signature of a new loan

With the upcoming maturity date of our syndicated loan of €420 million in April 2022, our finance team was mobilised to work towards signing a new loan agreement. Signed in October 2021 with most of our historical banks, the new syndicated loan was established for €200 million, with *in fine* reimbursement conditions within five years. The decrease of the loan amount reflects our projected operational free-cash flows as well as our acquisitions plan.

The new contract also includes clauses that allow us to: first, extend the maturity date by two years, *i.e.* seven years in total, and second, to increase the loan by €150 million with an accordion feature, increasing the loan amount to €350 million. The anticipation of the new facility negotiation has ensured the Group the best financial conditions, together with the ability to adapt its financing conditions depending on possible future developments and needs. Last, this contract also includes new CSR clauses with the aim of considering some of our CSR objectives. It is to be noted that in the case that three of the objectives already being followed by the Group would be met, this will have an impact on the cost of financing (decrease or increase depending whether the criteria are met or not).

Implementation of the IFRS IC update related to the configuration or customisation costs in a cloud computing arrangement

IFRS IC released in March 2021 an update resulting in a clarification of the accounting treatment of costs incurred in a cloud computing arrangement.

We have performed a thorough review of all the existing IT projects that were capitalized and in the scope of a cloud computing arrangement, since we started to work with these solutions from 2019.

This review of contracts and of external and internal costs (respectively contractors and employee costs) has allowed us to determine the amount of capitalized expenses related to these projects, for 2019, 2020 and 2021, that should not be capitalized anymore based on the IFRS IC update.

This update has been treated as a change in accounting policies, with retrospective application. As a result, we have restated the prior period presented in our accounts, with an expense as of January 1, 2020 of -€534 k, related to 2019 adjustment in net result, and an expense of -€1,426 k related to 2020 adjustment in net result.

For 2021, the impact results in an expense totalling -€838 k, net of tax (refer in the "Accounting principles and methods" note to the mandatory standards and interpretations as at January 1, 2021 for further information).

Rodolphe Durand appointed as non-voting advisor on the board of directors

A researcher, consultant and professor of strategy at HEC, holder of the Joly family chair in purposeful leadership, Rodolphe Durand will share with the board of directors his academic and operational knowledge in the area of strategy, organization and management of companies.

As a non-voting advisor, his role will mainly be to support the good governance of our company by strengthening the complementarity of the board of directors' skill set.

EVENTS SUBSEQUENT TO DECEMBER 31, 2021

Conflict between Ukraine and Russia

Our Group has very little direct exposure to this crisis, our sales to Russia and Ukraine represent less than 0.5% of our total revenue and we also have coverage by the credit insurance policy covering the client debt risk. It should be noted that we do not, moreover, have a subsidiary in these two countries, instead we work with distributors. Finally, we have formed an internal team to monitor the situation closely and the possible consequences for our Group.

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

Revenue performance

In 2021, our consolidated revenue reached €1,064.0 million, up 13.9% from the year before at real exchange rates and 14.9% at constant rates. At constant rates and scopes (excluding Sentinel[®]), growth amounted to 18.4%.

Performance by segment

in € million	2021 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	108.4					14.4%	
Immunology	76.9						23.3%
Antibiotics/dermatology	100.9						22.4%
Specialties	111.5						29.2%
Equine	31.6					12.6%	
Specialized petfood	78.4						24.8%
Others	101.2						19.7%
Companion animals	608.9						21.5%
Bovine parasiticides	57.6					10.6%	
Bovine antibiotics	81.1						23.1%
Other ruminants products	171.9						16.3%
Pig/poultry antibiotics	34.6			0.8%			
Other pig/poultry products	33.4				9.4%		
Aquaculture	47.6				5.4%		
Food producing animals	426.2					13.4%	
Other businesses	28.8						41.3%
Revenue	1,064.0						18.4%

Companion animals

In 2021, this business line represented 57.2% of revenue, up 21.5% at constant exchange rates and scope compared with 2020.

This growth was essentially driven by the remarkable double-digit growth of the specialties ranges (including Clomicalm, Movoflex, Stelfonta), petfood, parasiticides, dermatology and dental products, and by the rebound of the vaccine range for dogs and cats, compared to the same period in 2020. It should be noted that sales of Clomicalm and Itrafungol, products acquired in March 2021, and the U.S. petfood range iVet, acquired in July 2021, represented approximately €14 million in sales (or 1.6 percentage points of revenue growth) over the period.

Food producing animals

In 2021, this business line represented 40.1% of revenue, up 13.4% at constant exchange rates and scope compared with 2020, thanks to the ruminant sector (+16.9% at constant rates), swine-poultry products (+4.9% at constant rates), and the rebound in the aquaculture sector, which grew as a result of its performance in the second half (+5.4% at constant rates), when compared to the same period in 2020.

Other business lines

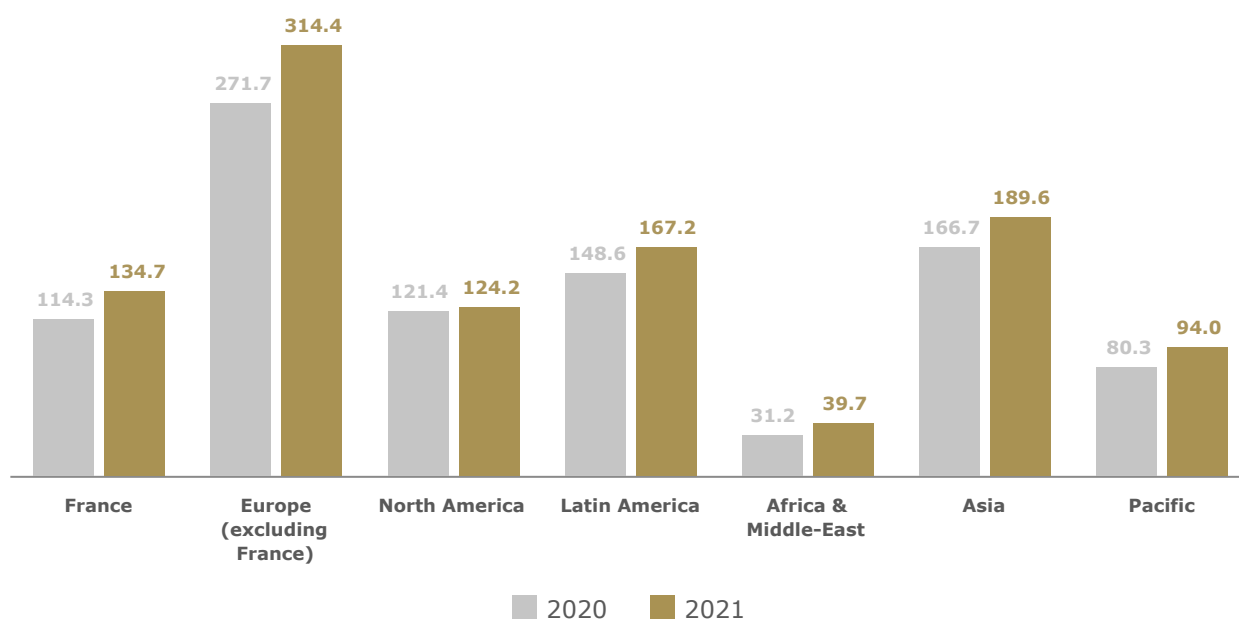
These business lines, which represent 2.7% of consolidated revenue in 2021, correspond to markets of lesser strategic importance for the Group, and which mainly include the industrial processing for third parties in the United States, including the sales of Sentinel[®] Spectrum[®] to MSD Animal Health, and in Australia.

Performance by geographic regions

All areas had double-digit organic growth for the year, reflecting both the sector's momentum and the very successful execution of our strategic plan, thanks to the ongoing commitment of our teams. In Europe, revenue grew by +16.3% at actual rates (+16.2% at constant rates). All countries in the area, except Portugal, showed double-digit annual growth. The main contributors to this performance were France, area Export activities, the United Kingdom, Germany, Benelux, Italy and Spain, driven by strong momentum in the companion animal ranges (particularly the specialties ranges, petfood, and the rebound in vaccines). In Asia-Pacific, actual-rate growth was up 14.9% (+14.7% at constant exchange rates), India continues to drive the area's growth, accounting for about half; Australia, New Zealand, South Africa, Vietnam, and China also contributed to the area's very strong growth. In

the United States, business excluding Sentinel® grew by +34.6% (+41.2% at constant exchange rates). All product lines had sustained growth, including specialties products, the dental and dermatology ranges, recently launched products (Clomicalm, Itrafungol, Senenergy and Stelfonta) and, lastly, the manufacturing of Sentinel® Spectrum® for MSD Animal Health. In Latin America, excluding Chile, activity grew by +20.7% at actual rates (+24.2% at constant exchange rates), in particular thanks to contributions from Brazil and Mexico. Lastly, in Chile, the strong second-half performance allowed us to show organic growth over the year (-0.3% at actual rates and +2.7% at constant rates).

in € million



The major contributions by geographical area are as follows:

France

In 2021, activity in France increased by 17.9% compared to 2020, driven by growth in petfood in the companion animal segment, as well as specialties and dermatology. The food producing animal segment also grew, thanks to antibiotics and vaccines for cattle.

Europe (excluding France)

Business in Europe grew over the period by 15.4% at constant rates (15.7% at actual rates). All subsidiaries grew, especially Northern Europe. The region grew by 14.7% at constant rates, driven by momentum in Benelux and Germany, which grew by 19.3% and 11.7% respectively at constant exchange rates, in particular thanks to specialties ranges, dermatology and the rebound of vaccines. Southern Europe also rose by 15.4% at constant exchange rates. Italy (+19.6% at constant exchange rates) contributed to this growth, as did Spain (+14.5%) thanks to the growth of the companion animal and food producing animal segments. Poland also contributed to this growth (+25.0% at constant rates) thanks to bovine antibiotics, as well as petfood, internal parasiticides, and specialties for the companion animal business, as well as Scandinavia (+16.4%), whose performance is based primarily on the companion animal segment, particularly the specialties, dermatology and petfood segments.

North America

Excluding Sentinel®, the North America area grew by +41.2% at constant rates (+34.6% at actual rates). This progression was driven by the performance of the dental and specialties ranges, mainly thanks to Movoflex and the launch of Clomicalm. The dermatology range also grew, driven by the success of Epiotic and the launch of Itrafungol. Finally, the acquisition of iVet in the 2nd half of the year allowed the area to make its first petfood sales.

Latin America

In 2021, Latin America recorded a growth of +15.8% at constant exchange rates (+12.5% at actual rates), mainly driven by Mexico, Brazil and Colombia. Mexico's +21.7% performance at constant exchange rates was driven by both segments, primarily by petfood and specialties in the companion animal segment, and by ruminants in the food producing animal segment. Brazil grew by +32.5% at constant rates thanks to food supplements, bovine vaccines and parasiticides, and dermatology and internal parasiticides for the companion animal segment. Colombia

recorded a growth of +28.9% at constant rates, driven by a high level of activity in both segments, including vaccines for companion animals and all ruminants ranges.

Chile saw its sales increase to a lesser extent (+2.7% at constant rates), the success of the new Veterin 80% antibiotic, and the companion animal segment, mitigated the difficulties encountered in parasiticides intended for salmon, the cessation of activity related to oral vaccines and the swine and poultry segment.

Asia

Revenue increased by 16.5% at constant rates in this region (+13.8% at actual rates), mainly due to very strong performance in India, and to a lesser extent, in China, Vietnam, the Export business and Thailand.

India recorded growth of +19.6% at constant rates, the country having been particularly impacted last year by the health crisis. China grew by +9.1% at constant rates primarily thanks to the dental range and Epiotic sales in the dermatology range for companion animals, and Virbagest sales in the food producing animal segment. Vietnam's growth was +32.0% at constant rates, primarily thanks to the food producing animal segment, including industrial farming, with Virbagest and the Suigen PCV2 vaccine, and antibiotics with Shotapen. The Export business increased by +44.6% at constant rates, driven by momentum in the companion animal segment, particularly Nutri-plus gel. Finally, Thailand recorded growth of 12.6% at constant rates, with both segments contributing to the latter.

Africa & Middle-East

Growth at constant rates of 24.1% (27.4% at actual rates) in this region was generated by South Africa and in both segments: production animals, driven by ruminants activity and companion animals, thanks to Milpro (internal parasiticide), Inflacam (anti-inflammatory) and the launch of Clomicalm.

Pacific

The Pacific region ended the year with 11.1% growth at constant rates (+17.2% at actual rates). Australia is driving growth in the area, recording a +9.2% increase in sales at constant rates, mainly due to the food producing animal segment, which enjoyed climatic conditions that were very conducive to business development. New Zealand recorded +15.7% growth at constant rates, driven by the excellent performance of the intramammary range for food producing animals, as well as better sales of nutritional products with Multimin. The companion animal segment grew as well, driven by the sales of Evicto (parasiticide launched last year), Milpro and Clomicalm.

2021 major launches

The major product launches and ranges in 2021 are:

- Tulissin: this antibiotic solution for swine and cattle treating respiratory pathologies was made available to Mexican and European veterinarians in January 2021;
- Itrafungol: antifungal oral solution for cats acquired from Elanco;
- Clomicalm: tablet used as an aid in the treatment of separation-related disorders in dogs also acquired from Elanco;
- Effitix: this external parasiticide is now proposed to Indian veterinarians and dog owners, enabling an alternative to locally manufactured parasiticides;
- Stelfonta: this product indicated for the treatment of non-resectable mastocytomas in dogs is continuing its geographic extension and was made available to American and Australian veterinarians;
- Cyclavance: this ciclosporin-based oral solution prescribed for the treatment of atopic dermatitis in dogs was launched in the United States and Japan;
- Pimotab: treatment of certain types of canine congestive heart failure;
- Daxocox: treatment of pain and inflammation associated with osteoarthritis (or degenerative joint disease) in dogs;
- Inflacam : multi-species anti-inflammatory;
- Suprelorin: this implant inducing a reversible neutering in male dogs was launched in South Africa;
- Bovigen T : this vaccine against ringworm in cattle (initially launched under a temporary authorization for use under the name Trichoben) was proposed in September to French veterinarians for their farmers under the final name Bovigen T, which benefits from a marketing authorization for the same use;
- Veterinary HPM Joint & Mobility: this new eggshell membrane-based formula from our specialized HPM feeding range was made available to veterinarians in October, providing an innovative option for managing osteoarthritis. Indeed, eggshell membrane is known for its efficacy in recovering cartilage and reducing pain and lameness while increasing general joint flexibility and mobility.

Analysis of the results

Changes in results

in € million	2021	%	2020 restated ¹	%	Variation
Revenue from ordinary activities	1,064.0	100.0	934.2	100.0	13.9%
Margin on purchasing costs	712.9	67.0	617.6	66.1	15.4%
Current operating expenses	503.3	47.3	450.4	48.2	11.7%
Depreciations and provisions	36.4	3.4	40.2	4.3	-9.5%
Current operating profit before depreciation of intangible assets arising from acquisitions	173.2	16.3	127.0	13.6	36.4%
Depreciations of intangible assets arising from acquisitions	4.3	0.4	8.4	0.9	-48.6%
Operating profit from ordinary activities	168.9	15.9	118.6	12.7	42.4%
Other non-current income and expenses	1.2		-65.2		-101.9%
Operating profit	167.6	15.8	183.7	19.7	-8.8%
Financial income and expenses	8.5	0.8	10.4	1.1	-18.3%
Profit before tax	159.1	15.0	173.3	18.6	-8.2%
Income tax	43.6		33.3		31.0%
<i>Including non-current tax expense</i>	<i>0.9</i>		<i>1.7</i>		<i>-46.3%</i>
Share from companies' result accounted for by the equity method	-0.2		-0.3		-35.9%
Net result from ordinary activities	117.8	11.1	76.9	8.2	53.3%
Result for the period	115.7	10.9	140.3	15.0	-17.6%
Net result attributable to the non-controlling interests	2.5		4.3		-41.2%
Net result attributable to the owners of the parent company	113.2	10.6	136.0	14.6	-16.8%

¹includes the impacts of the Ifric final agenda decisions of March 2021 related to the costs of configuring or customizing application software used in a Software as a Service (SaaS) arrangement as described in the note "Accounting principles and methods"

Margin on purchasing costs

Margin on purchasing costs increased by €95.3 million. This increase is linked to the growth in revenue for 2021, the effect of a favorable product mix, and the launch of new products with higher margins.

Current operating expenses

Current net operating expenses totalled €503.3 million in 2021, an increase at actual rates of €52.9 million (+11.7%) compared to 2020 (amount restated for IAS 38 adjustment).

This evolution is primarily related to the use of temporary staff for €7.3 million, particularly in the context of new product launches, as well as the increase in production volumes. Research and development costs were also up by €4 million following the acceleration of new projects in the biology and aquaculture sectors, and the launch of new ranges in Europe and the United States. Transportation costs contributed to this €4 million increase, following the growth in sales and the general rise in these costs due to the pandemic. Promotional costs for the dental range and new products increased by nearly €2.3 million in the United States.

In addition, insurance proceeds of €3.6 million had been recognized in April of 2020 as compensation for the operating loss suffered during the temporary shutdown of the global vaccine production site.

Staff costs also increased by €12 million following the resumption of recruitment, along with an increase in bonuses for overperformance, profit-sharing and participation in France as well as social contributions.

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 +36.4% compared with the previous financial year, rising from €127.0 million at the end of 2020 to €173.2 million on December 31, 2021. Operating profit from ordinary activities before depreciation of intangible assets arising from acquisitions expressed as a percentage of revenue was 16.3% in 2021 at actual exchange rates, and 15.9% at constant exchange rates. This is an increase of 2.3 points at constant exchange rates compared to 2020 restated, driven by the growth in revenue at constant rates and actual scope (14.9%).

Apart from the United States, which fell due to the sale of rights to the Sentinel® range, all areas contributed positively to our operating profit, including Europe with France, Benelux, Spain and Poland, India, New Zealand, Asia, Colombia, Uruguay, Chile, and Brazil.

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 expense of €1.2 million in 2021, compared to a net income of €65.2 million in 2020. In 2021, they consisted of €1 million of R&D assets scrapped in the United States and €0.2 million for the impact of revaluing at fair value the stocks acquired from the iVet company. In 2020, they consisted of the proceeds from the sale of the rights to Sentinel® assets for €69.6 million, plus €4.5 million for the additional impairment of the Leishmaniosis vaccine CGU following the decision to stop the production of the vaccine in 2020.

Financial income and expenses

Net financial expenses were €8.5 million, compared to €10.4 million in the previous financial year. The cost of net financial debt decreased, from €8.7 million in 2020 to €3.6 million in 2021. This €5.1 million drop in the cost of net debt was linked to the sharp drop in gross debt from July 2021, thanks to the receipt of the proceeds from the sale of Sentinel® and the maturity of cross-currency swaps in Chilean pesos.

Cash and cash equivalent income was particularly impacted by the increase in investments in one of our subsidiaries.

The foreign exchange result varied by -€3 million, which is due to an increase in unhedged exposure in Chilean pesos, given the buyback of minority shares combined with the depreciation of the currency.

Taxes for the financial year

Tax expense for the 2021 financial year amounted to €43.6 million compared to €33.3 million in 2020 (amount restated for IAS 38 adjustment). This increase is attributed to the Group's performance in 2021. It should be noted, however, that our corporate tax expense in 2020 had been strongly impacted by the sale of Sentinel, which had made it possible to use tax loss carryforwards.

The effective tax rate also went from 27.8% to 26.7%. The change in this rate is explained in the consolidated accounts note A28.

Net result

Net profit - Group share amounted to €113.2 million in 2021, compared to €136.0 million in the previous year (amount restated for IAS 38 adjustment), i.e. a decrease of €22.8 million at actual rates, explained primarily by the sale of Sentinel® in 2020.

The profit attributable to the non-controlling interests amounted to €2.5 million in 2021 compared with €4.3 million in 2020. This decrease can be explained by the combined effect of the decrease in Chile's contribution to net profit, and a share of profit calculated on a pro-rata basis of the non-controlling interest held over the year, as Virbac had acquired 49% of the minority shares in two successive stages in September and November.

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", and 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 2021	Impairment of assets	Restructuring costs	Disposal of assets	Non- current tax expense	Net result from ordinary activities 2021
Revenue from ordinary activities	1,064.0					1,064.0
Current operating profit before depreciation of intangible assets arising from acquisitions	173.2					173.2
Depreciations of intangible assets arising from acquisitions	-4.3					-4.3
Operating profit from ordinary activities	168.9	—	—	—	—	168.9
Other non-current income and expenses	-1.2	1.0		0.2		0.0
Operating profit	167.6	1.0	—	0.2	—	168.9
Financial income and expenses	-8.5					-8.5
Profit before tax	159.1	1.0	—	0.2	—	160.3
Income tax	-43.6	-0.2		—	1.2	-42.7
Share from companies' result accounted for by the equity method	0.2					0.2
Result for the period	115.7	0.8	—	0.2	1.2	117.8

Analysis of the financial situation

Consolidated balance sheet

in € million	2021	2020 restated
Net assets	556.8	532.7
Operating WCR	151.4	121.1
Invested capital	708.3	653.8
Equity attributable to the owners of the parent company	724.9	621.0
Non-controlling interests and provisions	57.2	96.2
Net debt	-73.8	-63.4
Financing	708.3	653.8

¹includes the impacts of the Ifric final agenda decisions of March 2021 on the costs of configuring or customizing application software used in a Software as a Service (SaaS) arrangement as described in the note "Accounting principles and methods"

Net assets

The items including in this line and their variations are detailed hereafter.

■ Goodwill

Goodwill amounted to €140.5 million at the end of 2021, compared to €134.8 million at the end of 2020. The increase is mainly due to the acquisition of iVet in the United States over the 2nd half of 2021, the other variations being only related to exchange rate impacts.

■ Intangible assets

This item amounted to €148.8 million at the end of 2021, compared to €145.3 million at the end of 2020 (amount restated following IAS 38 adjustment). The investments recognized are primarily related to IT projects carried out by Virbac SA (parent company) and in the United States as well as the increase in R&D investments relating to new licensing contracts.

■ Tangible assets

This item amounted to €219.6 million at the end of 2021, compared to €205.5 million at the end of 2020 (amount restated following IAS 38 adjustment). This increase is primarily due to investments made to strengthen our IT infrastructure, as part of our new IT projects, but also to renew industrial facilities in France and the United States, set up new R&D laboratories in Taiwan, and the commissioning of two new chew production lines in Vietnam.

■ Right of use

This item, which corresponds to the capitalization of lease contracts according to the IFRS 16 standard, amounted to €36.5 million at the end of 2021, compared to €33.5 million at the end of 2020. The increase is mainly related to two new real estate contracts in France and Switzerland.

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

This item amounted to €11.4 million at the end of 2021, compared to €13.6 million at the end of 2020. This mainly includes loans granted and other fixed receivables (€5.5 million), foreign exchange and interest rate derivatives (€1.9 million) and investments accounted for using the equity method (€3.7 million).

The decrease in this item is mainly related to the decrease in the valuation of foreign exchange and rate derivative instruments following the maturity of the Euro and Chilean peso cross-currency swaps. These Chilean peso hedges were renewed in June 2021 by forward foreign exchange contracts.

Elements of WCR (Working capital requirements)

The items comprising this line and their variations are described below.

■ Inventories and work in progress

This item amounted to €270.3 million at the end of 2021, compared to €211.0 million at the end of 2020. This change is mainly due to the increase in activity over the year, and to a lesser extent to the stockpiling of inventory for the launch of new products in 2022, and safety stocks, some of which being related to the Covid-19 pandemic crisis, in particular in some production sites such as in France, in the United States and in Australia.

■ Trade receivables

This item amounted to €107.4 million at the end of 2021, compared to €101.7 million at the end of 2020. This increase of €5.7 million is mainly tied to stronger activity in the final quarter of 2021 compared to 2020, particularly in France and Chile. However, this increase was offset by a reduction in receivables in the United Kingdom following the decline in factoring, as well as in Australia, which recorded a decrease in sales in the fourth quarter of 2021 compared to 2020.

It should be noted that receivables de-consolidated as sold under factoring contracts amounted to €12.1 million as of December 31, 2021 (compared with €19.5 million as of December 31, 2020). This variation follows the standby of the factoring program in the United Kingdom (-€5.8 million) and in France (-€1.4 million).

■ Trade payables

This item amounted to €127.6 million at the end of 2021, compared to €105.3 million at the end of 2020. The increase in this item is particularly pronounced in France, due to stronger activity, particularly in the final quarter, an increase in inventories and increased reliance on external resources.

■ Other elements of WCR

On December 31, 2021, this item represented a net liability of €120.8 million, compared to €100.9 million on December 31, 2020. The increase in this liability is mainly related to the increase in social contributions and profit-sharing in France, as well as income tax expense, and the increase in year-end discounts and rebates.

Net debt

The calculation of the net debt is presented hereafter:

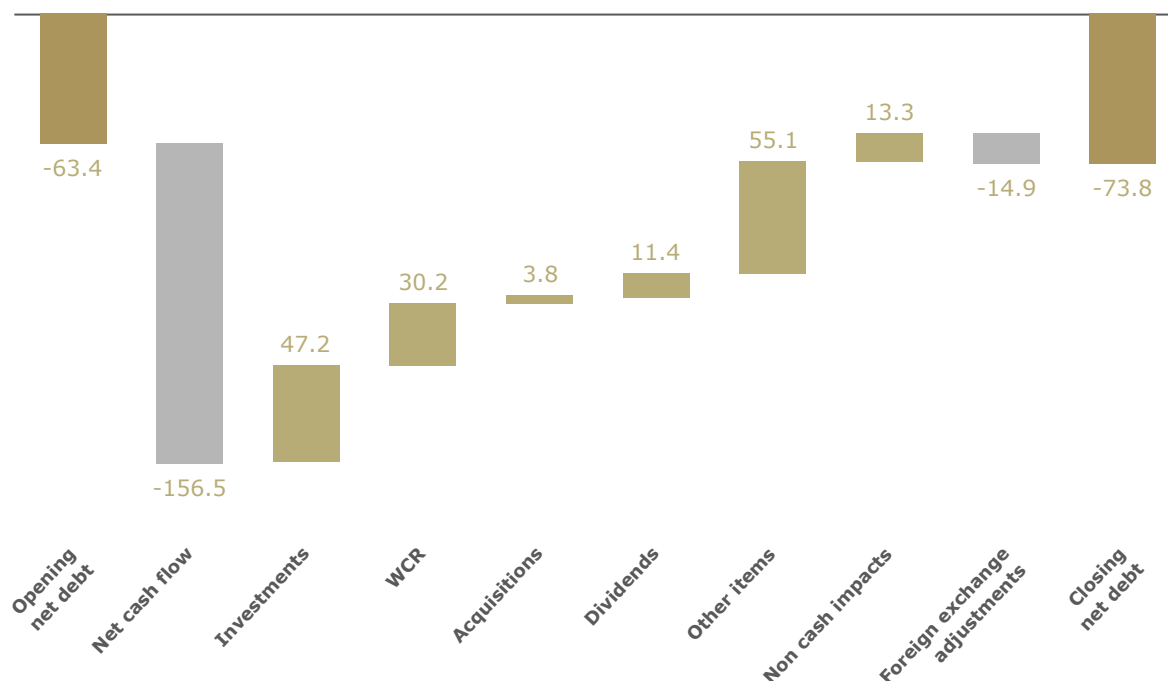
in € million	2021	2020
Loans	55.4	78.3
Bank overdrafts	0.6	2.3
Lease liabilities	38.5	34.8
Exchange rate and interest rate derivatives	0.9	2.2
Other elements of financial debt	3.6	0.8
Treasury and treasury equivalents	-172.8	-181.9
Net debt	-73.8	-63.4
Equity attributable to the owners of the parent company	724.9	622.9
Net debt ratio	-10.2%	-10.2%

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

Financing

Changes in net debt

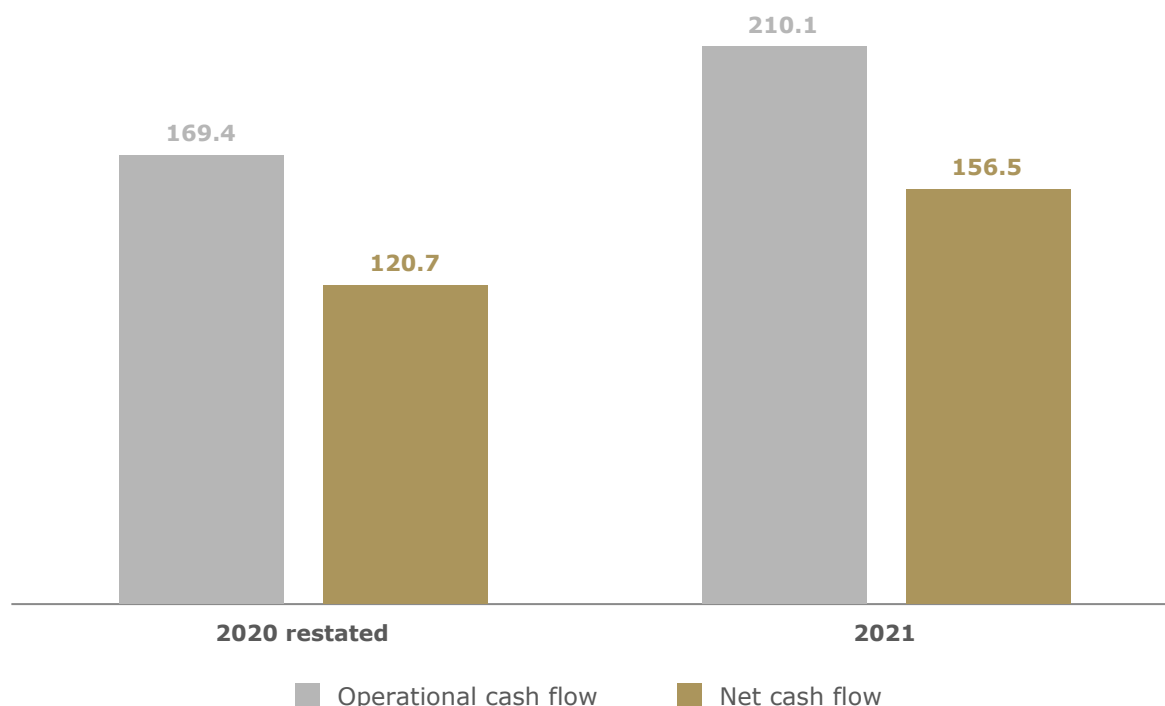
in € million



The €55.1 million for "Other items" includes €55 million related to the acquisition of minority shares in Centroviet. The effect of foreign exchange on closing net debt was favorable. At constant exchange rates, the amount of net debt as of December 31, 2021 amounted to -€58.9 million.

Changes in cash flow

in € million



The financial year 2020 is restated to include the impacts of the Ifric final agenda decisions of March 2021 on the costs of configuring or customizing application software used in a Software as a Service (SaaS) arrangement as described in the note "Accounting principles and methods".

In the context of the monitoring of our financing policy, we have proceeded with the refinancing our revolving credit line of €420 million, maturing in April 2022. We signed this new syndicated contract in October 2021, for a fixed amount of €200 million and a repayment *in fine* in five years, with most of our historic banks. The facility reduction reflects our operational cash flow outlook and our acquisition plan. However, we have included in this contract clauses that allow us, on the one hand, to extend the maturity of our debt until October 2028 thanks to two options of one year-extension each, and on the other hand, to increase the financing by €150 million, thanks to an "accordion" clause, which can increase the total commitment to €350 million. Furthermore, this new financing line includes commitments related to our CSR policy, reflecting our commitment for several years to protect the environment and respect animal ethics. The negotiation of these clauses has allowed us to access financial conditions that we can monitor, and to support our needs as we evolve. The applicable credit margin is adjustable based on the annual financial ratio and, to a lesser extent, on the annual results of three CSR performance indicators already monitored within our CSR policy.

Thus, in order to ensure our liquidity, we have, primarily:

- a syndicated loan of €200 million, the characteristics of which are explained above;
- market-based contracts (*Schuldschein*) in euros and in dollars for a total of €22.1 million, composed of three installments, with maturities April 2022 and April 2025, at a fixed rate;
- financing contracts with Bpifrance, for €14.2 million, amortissable and maturing in November 2023 and September 2024;
- uncommitted credit lines in the United States for US \$37 million.

As of December 31, 2021, the funding position is as follows:

- market-based contracts amounted to €15 million and US \$8 million;
- the Bpifrance financing amounted to €14.2 million.
- the syndicated loan and credit lines in the United States are not drawn.

These funding instruments of the parent company include a financial covenant compliance clause that requires us to adhere to the following financial ratios based on the consolidated accounts, that corresponds to the consolidated net debt¹ for the period in question as a ratio of the consolidated Ebitda².

As at December 31, 2021, we are in compliance with the financial ratio covenants, which is -0.36, resulting in a ratio below the contractual financial covenant limit of 3.75.

¹for 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

²the 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

The company's financing capacity is sufficient to fund its cash requirements.

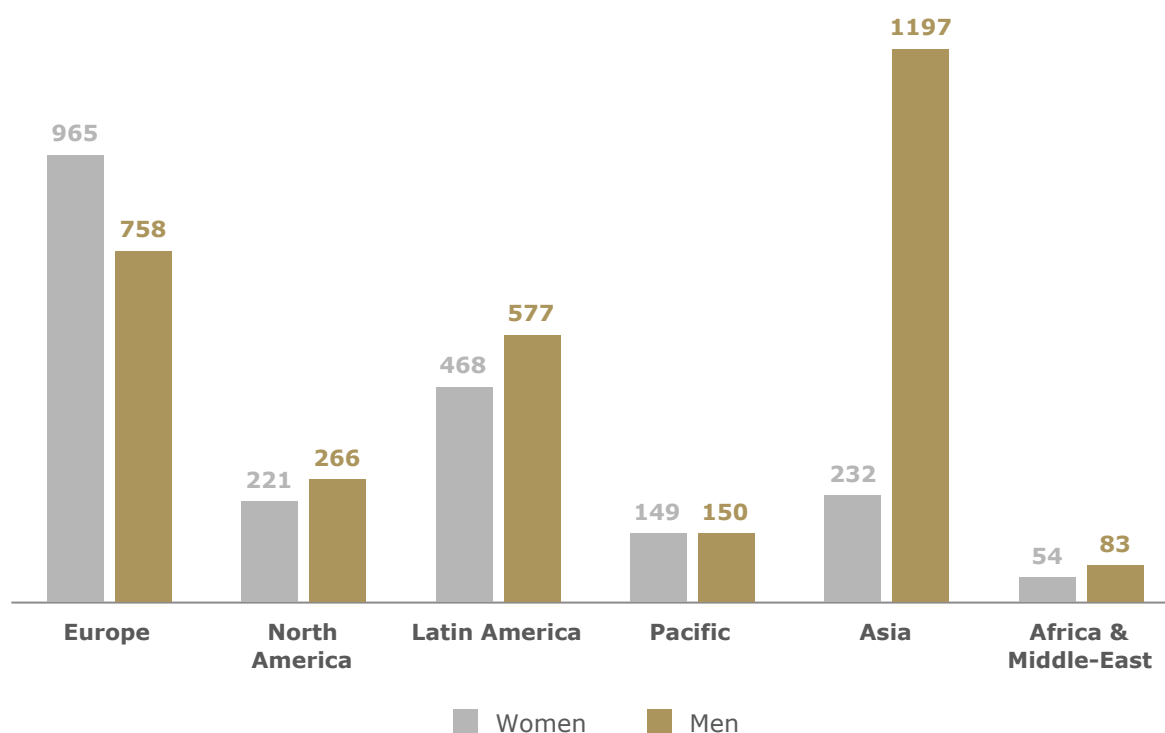
Group workforce

As of the end of December 2021, Virbac had 5,120 employees in 38 countries: 2,089 women (40.8%) and 3,031 men (59.2%).

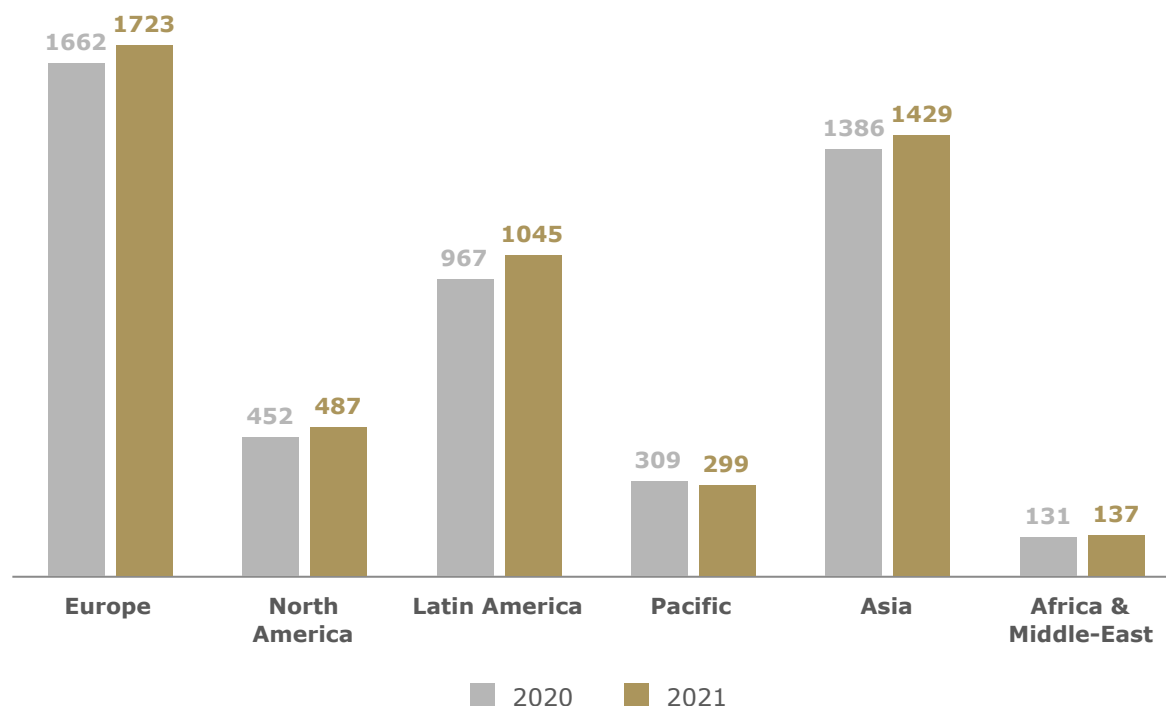
33.7% of our workforce are in Europe, of which 1,349 are in France, that being 26.3%.

The workforce as of December 31, 2021 increased by 4.4% compared with the one as of December 31, 2020.

Breakdown of Group employees by type



Changes in Group employee numbers by region



Changes to employee numbers by function

	2021		2020	
Production	1,772	34.6%	1,679	34.2%
Administration	680	13.3%	665	13.6%
Commercial & marketing	2,157	42.1%	2,080	42.4%
Research & development	511	10.0%	483	9.8%
Total	5,120	100.0%	4,907	100.0%

ANALYSIS OF THE ACCOUNTS OF THE PARENT COMPANY

Statutory accounts

As of December 31, 2021, revenue for Virbac's parent company amounted to €381.1 million compared with €293.6 million in 2020, showing an increase of €87.5 million (+29.8%).

The share of the revenue achieved by Virbac SA with the Group's subsidiaries accounted for 87.5% of its total sales. The remaining 12.5% involved direct sales in countries where the company does not have a subsidiary.

In 2021, the companion animal segment grew, in particular thanks to the rebound in vaccine sales, the dermatology range, internal parasiticides with Milpro, and specialties with Suprelorin and Zoetel. The food producing animal segment also grew, mainly thanks to the ruminants segment, and the antibiotics on this segment, driven by Shotapen and the launch of Tulissin.

The financial result at the end of December 2021 amounted to €32 million, *i.e.* a drop of €113 million compared to 2020. This variation is mainly due to a decrease of €103 million in dividends received, as the year 2020 was marked by the sale of Sentinel®. The 2021 financial year was also impacted by an overall net expense of €10.9 million involving foreign exchange transactions and by a net expense of €7.2 million on provisions for impairment of certain investments in subsidiaries. The decrease in interest expense on loans for an amount of €3.4 million is explained by our debt reduction in July 2021.

Non-recurring income was €4.8 million in 2021, an increase of €8.2 million compared with the 2020 financial year.

The reduction in the allowance for regulated provisions generated net proceeds of €1.2 million compared to 2020. A provision related to a dispute for an amount of €1.95 million was reversed during the year, following the settlement in our favor.

The sale of our industrial site in Magny-en-Vexin had very little impact on our non-recurring income, *i.e.* -€0.2 million, with the disposal cost of fixed assets amounting to €2.4 million for a net book value of €2.6 million. It should be noted that the site's inventory was also sold for a net book value with no impact on non-recurring income. We also resold its securities to one of our subsidiaries for an amount of €4.8 million, their net book value amounted to €5 million.

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

in €	2017	2018	2019	2020	2021
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	264,200,946	266,519,766	276,148,677	293,640,198	381,107,380
Earnings before tax, employee profit sharing, depreciations and provisions	44,522,664	53,987,017	56,521,273	170,788,570	91,943,145
Income tax payable	-9,688,591	-8,872,185	-7,731,676	-5,708,101	1,588,411
Employee profit sharing	—	—	—	—	—
Allowances for depreciations and provisions	19,676,178	26,662,243	19,196,160	25,373,801	22,004,574
Earnings after tax, employee profit sharing, depreciations and provisions	34,535,077	36,196,959	45,056,789	151,122,870	68,350,160
Earnings distributed	—	—	—	6,343	10,573
Result from operations per share					
Earnings after tax, employee profit sharing, before depreciations and provisions	6.41	7.43	7.60	20.87	10.68
Earnings after tax, employee profit sharing, depreciations and provisions	4.08	4.28	5.33	17.87	8.08
Dividend per share	—	—	—	€0.75	€1.25
Personnel					
Average number of employees	1,170	1,138	1,114	1,106	1,153
Total payroll	58,060,578	58,794,511	59,941,993	59,029,640	62,636,560
Total benefits paid (social security, other employee benefits, <i>etc.</i>)	27,353,031	27,583,283	28,818,016	29,132,678	32,782,699

A dividend of €6.343 million (*i.e.* €0.75 per share) was paid for the 2020 financial year.

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 €465,626 for the 2021 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, 2021, Virbac held a total of 10,457 treasury shares, acquired on the market for a total of €3,127,090 excluding fees, for an average price of €299.04 per share.

During the financial year, the company bought 44,912 treasury shares (at an average price of €272.27) and sold 47,934 treasury shares (at an average price of €281.19) as part of a market-making contract.

The 2018 (for 50%) and 2019 (for 100%) performance plans expired during the financial year and were allocated to the concerned employees, 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 terms

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

Supplier payment terms

■ As at December 31, 2021

Article D4411.-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	4,740					947
Amount excluding tax of related invoices	30,704,860	1,141,894	644,571	254,443	24,763	2,016,145
Percentage of total purchases (excluding tax) for the period	10.9%	0.4%	0.2%	0.1%	—%	0.7%
[B] Excluded invoices from [A] linked to contentious or non booked receivables						
Number of excluded invoices	114					
Total amount of excluded invoices	53,201					
[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, 2020

Article D4411.-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 : -					

Customer payment terms**■ As at December 31, 2021**

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	1,090					104
Amount excluding tax of related invoices	82,314,224	1,715,948	1,348,846	434,761	868,122	4,367,678
Percentage of total purchases (excluding tax) for the period	21.2%	0.4%	0.3%	0.1%	0.2%	1.1%
[B] Excluded invoices from [A] linked to contentious or non booked receivables						
Number of excluded invoices	9					
Total amount of excluded invoices	47,394					
[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, 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 : -					

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 and validated by our general management. 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 18, 2022.

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 board of directors 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 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 general management. 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 authority

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 general management.

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 conduct 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. Our general management 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 prevent 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 general management 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 board of directors. 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

Since a decision of the December 15, 2020 shareholders' meeting, our company has taken the form of a public limited company with a board of directors, instead of the form of a supervisory board and executive board. Below is a presentation of governance method applied throughout most of 2021. The new governance is detailed in the Corporate governance report, pages 90 to 109.

Board of directors and specialized committees

Our board of directors deliberates on all matters falling within its legal and regulatory powers.

It strives to foster the creation of long-term value by the company by taking into account the social and environmental challenges of its business activities. It proposes, 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 deals with any issue concerning 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.

Our board of directors is assisted in its work by two committees, an audit committee and a compensation and appointment 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 accountable for the performance of its duties.

Within its area of competence, each committee issues proposals, recommendations and opinions as appropriate, and reports on its tasks at the next meeting of the board of directors.

Our audit committee

The audit committee is responsible for:

- ensuring the monitoring of the financial reporting process and the review of the annual financial statements;
- the periodic review of the mapping of the Group's major risks;
- ensuring 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 performance 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.

Our 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 our compensation and appointment committee are:

- drawing up proposals and reviewing candidates for the positions of directors or members of general management;
- ensuring that a succession plan is in place for members of general management;
- drawing up recommendations and proposals regarding general management's compensation;
- 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 for awarding performance-related stock grants;
- drawing up proposals regarding the amounts of directors' fees for board members.

General management and its committees

The company's general management is assumed by a general manager who is not a member of the board of directors. His or her mission is to ensure the strategic and operational management of the Group. The general manager is assisted by two deputy general managers and supported by a Group executive committee. General management reports on its strategic choices and performance to the board of directors.

Our general manager is responsible for supervising and coordinating the activities of all members of the Group executive committee. He performs all the legal functions of a company head and takes responsibility accordingly. He represents our company and acts on its behalf in all circumstances and particularly before the courts. In the Company's internal organization, he supervises global sales and marketing operations, human resources, communications, the EHS function, business development, public affairs, design and regulatory affairs, and the board office.

Our deputy general manager holds the position of qualified veterinarian for Virbac, in line with articles L5142-1 *et seq.* of the French public health code. In the company's internal organization, he oversees manufacturing and quality assurance.

Our Chief financial officer and deputy general manager is responsible for the Group's financial policy and oversees the finance, legal, IT systems, corporate sourcing and risk management functions.

Group executive committee

General management is supported by the Group executive committee.

The Group executive committee is composed of seven members: the general manager, the deputy general managers and four other members appointed by general management. These members work closely together and make decisions collectively. This way of working encourages joint reflection and teamwork. Whether for long-term vision or operational needs, exchanges between members of the Group executive committee are frequent, which allows for a high level of responsiveness in decision making.

Our Group executive committee is composed of the following members:

- Sébastien Huron, chief executive officer, Virbac group;
- Habib Ramdani, chief financial officer and deputy chief executive officer;
- Marc Bistuer, head of Global Industrial Operations & Corporate Quality Assurance and deputy chief executive officer - qualified person;
- Francesca Cortella, head of Corporate Human Resources;
- Bertrand Havrileck, Head of Corporate R&D Biologicals & Pharmaceuticals;
- Nathalie Pollet, head of Global Marketing & Market Development;
- Hubert Trentesaux, head of Global Business Operations.

France management committee

The France management committee is composed of nineteen members: the general manager and one deputy general manager and seventeen other members appointed by general management. This committee is responsible for decision-making, coordination and reporting on all issues affecting the Group's French companies and represents a platform from which to disseminate information to the various departments.

Our France management committee is chaired by the general manager, Sébastien Huron and is composed of the following members:

- the chief financial officer;
- the head of Global Industrial Operations & Corporate Quality Assurance;
- the French Industrial Operations director;
- the chairwoman of Virbac France;
- the head of Corporate Communications;
- the head of Corporate Human Resources;
- the Corporate director Biological R&D;
- the director of Corporate Quality Assurance;
- the head of Global Industrial Operations;
- the Chief information officer;
- the Corporate EHS director;
- the head of Global Marketing & Market Development;
- the Group general counsel;
- the Corporate Sourcing director;
- the Creations & Regulatory Affairs director.

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 protagonist 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 77-78 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 under 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 general management 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 80 *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 two committees (the audit committee and the Group executive 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. It was fully updated in 2021;
 - 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 play 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 board of directors whenever such guarantees exceed the annual authorization limits given to the chief executive officer;
- 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 general management examines the summaries from the management reporting, analyzes the significant variations and decides on any corrective actions to be implemented whenever 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 138.

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 the audit committee and the board of directors.

Board of directors

The role of our board of directors and its special committees is described on pages 74-75 of this report.

Group executive board

Our Group 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 74-75 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 76 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 report, 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 2021, 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 the major risk mapping update performed in 2021, we have conducted a review of risks that could have a significant adverse effect on our business, our financial situation or our profit and we consider that so far there are no significant risks other than those presented 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 2021, we committed 7.4% of our revenue (before R&D tax credit) 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 Marketing authorizations (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.

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. 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 products within the Group. 2020 saw the completion of this 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 countries where we do not have 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 their potential subsequent impacts on our revenue and 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 spun off their animal health division. 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 monitor the movements of our competitors across all markets. We have a policy of external growth through acquisitions and/or partnerships, enabling us notably 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 external consultants, in charge of implementing in-depth due diligence.

This process requires the approval of the chief executive officer and/or the board of directors 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 pay a 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 10 *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 assets over time. This allows, on one hand, to comply with all applicable local regulations, and on the other hand, 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 olfactory 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.

Practically, the exposure of employees is covered by specific measures presented on pages 33-34 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 matters into account during the due diligence of acquisition of new sites.

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 have their activity somehow exposed to climate effects. These are South Africa, India and Australia: long periods of drought, or alternatively floods, could impact the financial situation of their customers (mainly 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 46 to 49).

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 our 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 governing rules.

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.

A Group Regulatory and Public Affairs department provides permanent monitoring of the pharmaceutical regulations to which our Group is subject.

Risk of litigation

Risk factors

Our company is established worldwide. In the conduct of our business, we may be involved in disputes, legal, arbitration or administrative proceedings and class 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.

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.

Following the announcement by the UK Financial conduct authority (FCA) of its intention to no longer compel banks to contribute to the Libor quotations and in order to ensure the continuity of our financial activities, we ensured that the financing contracts whose interest rates were indexed to the Libor which were to be eliminated on December 31, 2021 had been renegotiated. In choosing the replacement index, we preferred the Risk free rate (RFR) recommended by the International swaps and derivatives association (ISDA).

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 be 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 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 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 counterparties. 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.

Operational risks

By their very nature, our different activities, encompassing the entire value chain in the sector, expose us to various 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.

Insurance and risk coverage

General coverage policy

Our 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 10 to 51 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.

2022 OUTLOOK

In line with our strategic plan, and in a more standardized market, in 2022 we anticipate revenue growth of between 5% and 8% at constant rates and scope. In addition the ratio of "current operating profit before depreciation of assets arising from acquisitions" to "revenue", as previously announced, should consolidate around 15% at constant exchange rates (with a voluntary over-investment in R&D of approximately 1 percentage point of revenue compared to 2021). Our debt relief should be around €60 million, excluding dividends, at constant scope and exchange rates. Finally, the distribution of a net dividend of €1.25 per share for the 2021 financial year will be proposed to the next general meeting of shareholders.

PROVISIONAL TIMETABLE FOR FINANCIAL COMMUNICATION

The provisional timetable for 2022 is as follows:

- January 19, 2022 after the close of trading: communication of 2021 annual revenue;
- March 22, 2022 after the close of trading: communication of 2021 annual profit;
- April 14, 2022 after the close of trading: communication of revenue for the first quarter of 2022;
- June 21, 2022: annual shareholders' meeting;
- July 19, 2022 after the close of trading: communication of revenues for the second quarter of 2022;
- September 15, 2022 after the close of trading: communication of first half profits for 2022;
- October 18, 2022 after the close of trading: communication of revenues for the third quarter of 2022;
- January 18, 2023 after the close of trading: communication of 2022 annual revenue.

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

As at December 31, 2021

in € thousand	Deloitte					Novances - David & Associates Nexia network				
	Audit		Network		Total	Audit		Network		Total
Issuer	121.3	100%	—	—%	121.3	54.5	100%	—	—%	54.5
Consolidated subsidiaries	—	—%	679.9	100%	679.9	—	—%	23.4	100%	23.4
Audit and limited review of the individual and consolidated accounts	121.3	79%	679.9	97%	801.2	54.5	100%	23.4	100%	77.9
Issuer	33.0	100%	—	—%	33.0	—	—%	—	—%	—
Consolidated subsidiaries	—	—%	21.1	100%	21.1	—	—%	—	—%	—
Other services¹	33.0	21%	21.1	3%	54.1	—	—%	—	—%	—
Total fees	154.3	100%	701.0	100%	855.3	54.5	100%	23.4	100%	77.9

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 services¹	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

¹the 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

Since a decision of the shareholders' meeting on December 15, 2020, our company has taken the form of a public limited company with a board of directors, instead of the form with a supervisory board and executive board.

The shareholders' meeting also appointed all former members of the supervisory board as members of the 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 the chief executive officer.

The board of directors then appointed the former chairman of the executive board as chief executive officer (Mr. Sébastien Huron) and a former member of the executive 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, chief executive officer and qualified person (Mr. Christian Karst) not to apply for a new term of office due to his retirement in 2021.

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 on March 18, 2022.

The report refers to the recommendations of the Corporate governance code for listed companies drawn up by *Afep* and *Medef* (*Afep-Medef* Code), which was adopted by the former supervisory board as its code of reference. This choice was not called into question 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 110 lists the *Afep-Medef* Code provisions that the company has decided not to implement and gives the reasons for this.

GOVERNANCE BODIES

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

Separation of powers and collegiality

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

Collegiality is a key organizational principle in our governance. These two entities, the board of directors and general management, operate on a shared vision among their respective members and on collective decision-making resulting from genuine teamwork. This organization guarantees efficiency and responsiveness while being in line with current governance codes, in particular the *Afep-Medef* Code, to which we refer to regularly improve our practices in this area.

Committed and experienced management

Our governance is based on tightly knit corporate bodies, composed of members with a strong and enduring commitment. Their professional experience covers many aspects of the day-to-day management of a large international group. All but one of the members of the board of directors are senior business executives with extensive operational experience in international companies.

The commitment of the members of the management bodies, whether on the board of directors or in general management, is built on sustained support for the Group's long-term strategy. Furthermore, the involvement of Virbac's members of the board of directors and its non-voting advisors is not limited to their active participation in formal board discussions. It also includes regular informal discussions and *ad hoc* meetings when circumstances so require.

COMPANY OFFICERS

Public limited company with a board of directors		
Executive officers	Executive officers	. Chief executive officer Sébastien Huron
		. Deputy chief executive officer: Habib Ramdani . Deputy chief executive officer: Marc Bistuer
Non-executive officers	Non-executive officer	. Chairwoman of the board of directors: Marie-Hélène Dick-Madelpuech
	Members of the board of directors	. Members of the board of directors: - 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.

THE BOARD OF DIRECTORS

Composition of the board of directors as of March 18, 2022

	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	57 years	Female	French	1,635		Year of 1 st appointment: 1998	2024	Appointments and compensation committee
Pierre Madelpuech Vice-chairman	61 years	Male	French	110		Year of 1 st appointment: 1995	2022	Audit committee
Olivier Bohuon Permanent representative of OJB Conseil	63 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	63 years	Male	French	442	Independent member ¹	Year of 1 st appointment: 2004	2023	Audit committee
Solène Madelpuech	28 years	Female	French	10		Year of 1 st appointment: 2017	2024	
Cyrille Petit Permanent representative of Cyrille Petit Conseil	51 years	Male	French	260	Independent member	Year of 1 st appointment: 2019 Permanent representative of Cyrille Petit Conseil since March 2020	2022	. Audit committee . Appointments and compensation committee
Sylvie Gueguen Employee representative	57 years	Female	French	88	N/A	Year of 1 st appointment: 2018	Oct 2024	
Non-voting advisor								
Xavier Yon Permanent representative of Xavier Yon Consulting Unipessoal Lda Non-voting advisor	81 years	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	
Rodolphe Durand Non-voting advisor	50 years	Male	French	N/A	N/A	Year of 1 st appointment: 2021	2022	

¹Philippe Capron : see page 102 for criteria of independence

Profile, experience and positions of the members of the board of directors - situation as of December 31, 2021

Marie-Hélène Dick-Madelpuech, chairwoman of the board of directors

• Age and nationality	57 years, French
• First appointment	1998
• Current term ends	2024
• Number of shares held	1,635

Chairwoman of the appointments and compensation committee of the board of directors, previously chairwoman of compensation committee of the supervisory board.

Veterinary doctor and MBA graduate from HEC (business school), Marie-Hélène Dick-Madelpuech was appointed chairwoman of Virbac's supervisory board in April 2006 and chairwoman of the board of directors in December 2020. 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 <i>Fondation d'entreprise</i> 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 <i>société civile</i> Ilouet (France); · officer of Panpharma Australia Pty Limited (Australia); · officer of Panpharma UK Limited (United Kingdom); · co-manager of the <i>société civile immobilière</i> ¹ Samakeur MH (France); · manager of the <i>société civile</i> Investec (France); · co-manager of the <i>société civile</i> Du Regard (France). None of these companies are listed on a stock exchange.	

Pierre Madelpuech, vice-chairman of the board of directors

• Age and nationality	61 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 the audit committee. Previously member of the audit committee of the supervisory board.

• Member of Virbac's board of directors acting as vice-chairman since December 2020. Previously member of the 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.

ENSAM engineer and MBA graduate from HEC (business school), Pierre Madelpuech manages several companies controlled by him.

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:	
none	
Positions in companies outside of the Group:	
<ul style="list-style-type: none"> . 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 <i>société civile immobilière</i> Igresa (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 <i>société civile</i> P2LM (France); . chairman of the company Fra Angelico, SAS (France); . associate manager of the <i>société civile</i> Du Regard (France) ; . associate manager of the <i>société civile immobilière</i> Okolline (France). 	
None of these companies are listed on a stock exchange.	

Olivier Bohuon, permanent representative of the company OJB Conseil, member of the board of directors

• Age and nationality	63 years, French
• First appointment	2011
• Current term ends	2023
• Number of shares held by the company	10

Member of the appointments and compensation committee of the board of directors. Previously member of the compensation committee of the supervisory board.

Permanent representative of OJB Conseil, a company appointed member of the board of directors in December 2020. Previously member of the supervisory board 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); · chairman of the board of directors of the company Leo Pharma A/S (Denmark).
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; · director of the company Reckitt Benckiser Group PLC (United Kingdom) listed on the London stock exchanges; · director of the company Algothérapeutix SAS (France). 	

Philippe Capron, member of the board of directors

• Age and nationality	63 years, French
• First appointment	2004
• Current term ends	2023
• Number of shares held	442

Chairman of the audit committee of the board of directors. Previously chairman of the audit committee and member of the compensation committee of the supervisory board.

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
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 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</i> Veolia Environnement (corporate foundation) (France); . director of Econocom Group SA/NV (Belgium), a company listed on the Euronext.
Positions in companies outside of the Group: none	

Solène Madelpuech, member of the board of directors

• Age and nationality	28 years, French
• First appointment	2017
• Current term ends	2024
• Number of shares held	10

Member of the board of directors. Previously 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 success at Sight Diagnostics.

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"> . general manager UK of Sight Diagnostics (United Kingdom).
Positions in companies outside of the Group:	
<ul style="list-style-type: none"> . co-manager of the <i>société civile immobilière</i> Samakeur MH (France); . member of the supervisory board of the <i>société civile</i> Investec (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 board of directors

• Age and nationality	51 years, French
• First appointment	2019 (personally)
• Current term ends	2022
• Number of shares held by company	260

Member of the audit committee of the board of directors and member of the appointments and compensation committee since March 18, 2022. Previously member of the audit committee of the supervisory board. Personally member of the supervisory board 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).

List of positions		Expired positions
Current 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:	<ul style="list-style-type: none"> • 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 <i>société civile immobilière</i> Caducée (France); • manager of the <i>société civile immobilière</i> Berteaux 2000 (France); • manager of the <i>société civile immobilière</i> 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); • director of the company Euromedica A.E. (Greece). <p>None of these companies are listed on a stock exchange.</p>	

Sylvie Gueguen, member of the board of directors employee representative

• Age and nationality	57 years, French
• First appointment	2018
• Current term ends	45566
• Number of shares held	88

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

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:	none	

Organization of the board of directors

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

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

The directors shall be appointed by the ordinary shareholders' meeting, which may dismiss them at any time.

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

Each director must own, or become the owner within three months of their appointment, of at least ten (10) shares in 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 that regular renewal of board members occurs in the most equal proportions possible. By exception, the ordinary shareholders' meeting may, to set up such a rotation, 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, as long as this term does not exceed three years.

Any outgoing member may be reelected.

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

Every director undertakes to comply with the obligations incumbent upon them in this capacity and in particular those relating to limits on the number of corporate terms of office they are authorized to hold.

The board of directors shall comprise, in addition to the directors whose number and method of appointment are set out in articles L.225-17 and L.225-18 of the French commercial code, one or two directors representing the employees pursuant to the provisions provided by law.

The number of directors representing the employees shall be equal to two when the number of directors referred to in articles L.225-17 and L.225-18 of the French commercial code is greater than eight, and one if the number of directors is equal to or less than eight.

The director or directors representing the employees shall be appointed by the Economic and social committee, in accordance with legal and regulatory provisions.

Conflicts of interest

Directors are required to disclose to the board of directors any situation involving a conflict of interest, even a potential one, 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 in which there is a conflict of interest with the company.

In a situation where a conflict of interest arises or may arise between the company's interest and his or her direct or indirect personal interest or the interest of the shareholder or group of shareholders he or she represents, the director concerned must:

- inform the board of directors as soon as he or she becomes aware of the situation;
- and determine the consequences with regard to his or her mandate. Thus, as the case may be, he or she must:
 - either abstain from participating in the vote of the corresponding deliberation;
 - or not attend the board of directors meeting during which the member finds himself or herself in a situation where there is a conflict of interest.

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 non-voting advisors.

Functioning 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 convocation, or by teleconference.

It shall be convened by any means, even verbally, by the chairman. If the chairman is unable, it shall be convened by the vice-chairman.

If the chairman and vice-chairman are unable, it shall be convened by the chief executive officer.

The statutory auditors shall be called in to the meetings of the board of directors.

If the functions of chief executive officer and chairman of the board of directors are separated, the chief executive officer may also request that the chairman convoke the board of directors with a determined agenda.

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

In 2021, the board of directors met six times via videoconference and face-to-face when possible.

The members of the board of directors may also meet during the year for informal work and discussion sessions.

The meetings of the board of directors shall be chaired by the chairman of the board of directors or, failing that, by the vice-chairman. In the absence of 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 that may be recognized by the legislation in force, except for the preparation of annual and consolidated accounts and the management report, are deemed to be present, within the limits provided by law.

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

The board of directors shall meet in the presence of the chief executive officer and the chief financial officer in order to receive all the information required for the agenda. When the board of directors has to deliberate on matters concerning members of general management, the said members present are asked to excuse themselves from the meeting so that the board can debate and deliberate without them present. In March 2022, a portion of the board of directors meeting was held without the chief executive officer and the deputy chief executive officer present.

Informing the board of directors

Pursuant to article 2.2 of the internal bylaws, documents enabling the directors to make fully informed decisions on the items on the agenda are communicated to the directors within a reasonable period of time before the board of directors meeting, except in the event of an emergency or the need to ensure complete confidentiality.

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

The directors assess for themselves whether the information communicated to them is sufficient and, if necessary, ask for any additional information that they deem useful.

The chairman regularly informs the board of directors of the financial position, cash position, financial commitments and significant events of the company.

The directors may meet with the company's main executives, even without the corporate officers present, but by informing them in advance.

Any new director may request training on the specifics of the company and its Group, their lines of business and their sectors of activity.

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

Assessing the operation of the board

In accordance with the provisions of the *Afep-Medef* Code, the board of directors 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.

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

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

The purpose of this formal assessment is threefold:

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

The board of directors of March 16, 2021, carried out a formal assessment of its operation. This assessment 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.

The board of directors of March 18, 2022, discussed the operation of the board of directors. The chairwoman of the board of directors gives an individualized annual review of exchanges and improvements with each member of the board of directors. The directors possess strong and complementary skills, with very good knowledge of Virbac's key functions and its issues. The new non-voting advisor brings skills in strategy and CSR.

Regulated agreements

Pursuant to law n°2018-727 of May 23, 2019, for business growth and transformation (known as 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 L.22-10-12 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 L.233-3 of the French commercial code, or between the company and another organization, 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 other 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 these new agreements and the relevance of the criteria used in distinguishing 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 at the time of 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 board of directors to allow it to assess, when deemed necessary, whether the agreements still meet these normal and routine conditions;
- pursuant to the law, individuals directly or indirectly involved in any of these agreements do not participate in its assessment.

Policy of staggered terms for the members of 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.

Board of directors' internal bylaws

The board of directors appointed by the general shareholders' meeting of December 15, 2020, adopted its internal bylaws at its first meeting 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 members 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, they also provide for cases of prior approval by the board of directors.

The internal bylaws are published on the website <https://corporate.virbac.com/fr/home/discover-virbac/governance.html>.

Responsibilities of the board of directors

The board of directors deliberates on all matters falling within its legal and regulatory powers.

It strives to foster the creation of long-term value by the company by taking into account the social and environmental challenges of its business activities. It proposes, 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 deals with any issue concerning 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 these principal functions:

- it chooses its governance structure (separation or unification of the functions of chairman and chief executive officer);
- it appoints and dismisses the corporate officers;
- It sets the compensation of the chairman, the chief executive officer and the 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 corporate 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 shareholders' general meetings;
- it approves the annual budget;
- it verifies the quality and truthfulness 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 is kept 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 strategy it has defined, the opportunities and risks such as financial, legal, operational, social and environmental risks, and the measures taken accordingly;
- it ensures, where appropriate, that a system for the prevention and detection of corruption and influence peddling is in place and receives all the information necessary for this purpose;

- it also ensures that the executive officers implement a policy of non-discrimination and diversity within the company;
- it deliberates on the company's policy in terms of professional and salary equality between all employees and between women and men;
- it establishes, on 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 results 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, disposal 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 because of their nature or their significance:

- acquisitions or disposals of assets, or investments not included in the annual investment budget of a unit amount of more than 30 million euros, or for investments below this threshold, leading to a cumulative multi-year budget of 30 million euros being exceeded 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' general meeting) the issuing of securities that give access to capital or market debt instruments;
- the allocation to employees of incentive instruments giving access to the company's capital, in particular shares subject to performance conditions (within the framework of authorizations that may be granted by the shareholders' meeting).

Each year, the board of directors determines the number of permanent authorizations granted to the chief executive officer and relating to sureties, endorsements, guarantees and securities granted by Virbac (intra-group or granted to guarantee the obligations of French or foreign third parties).

Procedure concerning the succession of corporate officers

The board of directors, at its meeting of March 18, 2022, approved the procedure established for the succession of corporate officers. In particular, it provides that in the event of early and sudden departure of corporate officers, a list of potential candidates has been established, in time for recruiting, if necessary.

Procedure for the selection of future independent directors

The board of directors, at its March 18, 2022 meeting, approved the procedure for the selection of future independent directors, including their profiles and skills, as well as recruitment methods.

The board of directors' relationship with shareholders

Article 4.4 of the *Afep-Medef* Code provides that shareholder relations with the board of directors, in particular on matters of corporate governance, may be entrusted to the chairman of the board of directors or, where applicable, to the independent lead director.

The company did not wish to appoint a lead director. Relations with the shareholders, particularly on corporate governance matters, are handled, at the request of the chairwoman of the board of directors, by the Group's Financial Affairs department.

Criteria for director independence

At its meeting on March 18, 2022, the board of directors reviewed the independence criteria for its members based on the criteria set out in the *Afep-Medef* Code.

Independence criteria 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 seniority criterion of more than twelve years of service of a member of the supervisory board who has been a member of the board of directors since December 15, 2020, does not automatically entail the loss of independence of said board member.

Indeed, the board of directors considers:

- 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 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 to determine the independence of its members;
- that it is important for members of the board of directors 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 executive functions performed or having been performed by the members of the board of directors in companies other than Virbac bolster their authority and constitute a guarantee of the independence of their judgments.

In Philippe Capron's particular case, the board considers that he has demonstrated independence throughout his mandates and continues to demonstrate independence in his opinions, recommendations and votes issued in the board's meetings and its committees.

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 board members, in addition to the member of the board of directors 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 for Mr. Capron, but decided not to retain the criterion of more than twelve years of seniority as a criterion automatically causing Philippe Capron to lose his independence status and has therefore confirmed the independence of the three members mentioned above.

With regard to the diversity of its composition, the board of directors' policy aims to maintain the current level of 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.

Changes that occurred within the membership of the board of directors and committees - situation as of March 18, 2022

	Departure	Appointment	Reappointment
Board of directors	None	None	None
Audit committee	None	None	None
Compensation and appointment committee	Philippe Capron	Cyrille Petit permanent representative of Cyrille Petit Conseil	

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	✓	✓	✓	✓	✓

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

²see above explanations

Committees of the board of directors

The board of directors is assisted in its work by two committees, an audit committee and a compensation and appointment 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 accountable for the performance of its duties.

Pursuant to article 2.2 of the internal bylaws, documents enabling the directors to make fully informed decisions on the items on the agenda are communicated to the directors within a reasonable period of time before the board of directors meeting, except in the event of an emergency or the need to ensure complete confidentiality. The same rule is followed for audit committee meetings. Finally, given the location of the company's headquarters in the region, the audit committee's meeting on the annual accounts is held the day before the board of directors' meeting, unless otherwise specified.

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 itself, and provided that they report on the studies to the board.

Within its area of competence, each committee issues proposals, recommendations and opinions as appropriate, and reports on its tasks at 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;
- periodically reviewing the mapping of the Group's major risks;
- 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 performance 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 as representative of Cyrille Petit Conseil.

The audit committee, chaired by Philippe Capron, an independent member of the supervisory board, met four times in 2021. All members of the audit committee attended all meetings, except Cyrille Petit, permanent representative of Cyrille Petit Conseil, who attended three out of four meetings.

Over the course of 2021, the audit committee reviewed the 2020 annual financial statements and the 2021 half-year 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 general management.

The audit committee also noted the measures taken by general management to ensure the establishment and effectiveness of internal control procedures, to identify risks of any kind, including social and environmental risks, and implement the measures considered necessary to manage them. This risk review concerns in particular financial, legal, operational, social and environmental risks and off-balance sheet commitments.

The chief executive officer and the deputy chief executive officer-chief financial officer participate in audit committee meetings at the request of its members for the presentation of accounts and risks and to answer their questions. Then, at the request of the committee, they leave the meeting in order to allow the members of the audit committee to interview the statutory auditors and deliberate without them present.

The statutory auditors may participate in meetings of the audit committee when their presence has been deemed necessary by the audit committee.

Pursuant to article 6, paragraph 4 of the internal bylaws, 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 itself, and provided that the committees report on the studies to the board.

The 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:

- drawing up proposals and reviewing candidates for the positions of directors or members of general management;
- ensuring that a succession plan is in place for members of general management;
- drawing up recommendations and proposals regarding the compensation of members of 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 for awarding performance-related stock grants;
- drawing up proposals regarding the amounts of directors' fees for the members of the board of directors.

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

- Marie-Hélène Dick-Madelpuech, chairwoman;
- Olivier Bohuon, as representative of the company OJB Conseil;
- Cyrille Petit, as representative of the company Cyrille Petit Conseil, replacing Philippe Capron by way of the decision of March 18, 2022.

The compensation and appointment committee is chaired by the chairwoman of the board of directors. 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 chairwoman of the board of directors and general management, the committee acts independently of executive officers whose compensation it discusses.

The compensation committee met once in 2021. All the members of the compensation committee attended this meeting.

At this meeting, the following topics were covered:

- the review of the 2020 performance of the members of the general management (executive officers) with respect to their variable compensation;
- the compensation for 2021 of the members of the general management;
- the review of compensation paid to the Group's main executives;
- the review of the free performance shares plans introduced in 2019, 2020 and 2021;
- the implementation of a succession plan for corporate officers and the Group's senior managers.

Non-voting advisors

- Xavier Yon Consulting Unipessoal Lda, represented by Xavier Yon, who was a non-voting advisor, was reappointed as a non-voting advisor by the shareholders' general meeting of June 21, 2021 for a term of one year.
- Mr. Rodolphe Durand was appointed as a non-voting advisor by the general meeting of June 21, 2021, for a term of one year.

Non-voting advisors attend board of directors meetings in an advisory and non-decision-making capacity.

Non-voting advisors are bound by the same confidentiality obligations as directors. They receive all documents 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	81 years, French
• 1st appointment	2014
• Current term ends	2022

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.

Rodolphe Durand, non-voting advisor

• Age and nationality	50 years, French
• 1st appointment	2021
• Current term ends	2022

With a master's degree in philosophy (Sorbonne), a master's in finance and a doctorate in management (HEC-Paris), Rodolphe Durand joined HEC Paris in 2004. He currently holds the Joly family chair in purposeful leadership at HEC-Paris and is the academic director of the Society and Organizations institute, which he launched in 2008. Before that, he led the Strategy and Corporate Policy department (2009-2013), was the academic director of the MSc in strategic management (2012-2015), and was in particular a guest professor at New York University (Stern Business School, 2011), the University of Cambridge (Judge Business School, 2011), and the London Business School (2013). He was also a visiting scholar at Harvard Business School (2012) and at Insead (2020).

GENERAL MANAGEMENT

The company's general management is assumed by a chief executive officer who is not a member of the board of directors. His or her 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. General management reports on its strategic choices and performance to the board of directors.

The board of directors has established as a rule that executive officers (chief executive officer and deputy chief executive officers) hold a minimum number of registered shares in the company up to:

- three years' gross fixed and variable compensation for the chief executive officer;
- two years' gross fixed and variable compensation for deputy chief executive officers.

This level of holding may be satisfied by an obligation to retain free shares that may be allocated to each of the corporate officers, within the framework of the performance related stock grants plans implemented in accordance with the decisions voted on by the shareholders (see details in the compensation policy of each corporate officer).

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 company activity carried out by our company is governed by the provisions of the public health code and in particular by article L.5142-1 of the French public health code, according to which any company manufacturing, importing, exporting or wholesaling veterinary medicines 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 veterinary or pharmaceutical "qualified persons."

In accordance with the provisions of article R.5142-33 of the French public health code, the veterinary or pharmaceutical qualified person must be, in public limited companies, the chairman of the board of directors with the status of chief executive officer, 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 is the chief executive officer and oversees the Innovation, New Product and Regulatory Affairs functions, the Aquaculture division, the Communications function, and the board office;
- Habib Ramdani is a deputy chief executive officer and chief financial officer and is responsible for Group financial policy. He oversees the Finance, Corporate Sourcing (Purchasing), Legal, Information Systems, Risk Management functions and internal audit;
- Marc Bistuer is a deputy chief executive officer and Virbac's qualified person. He oversees the Industrial Operations and Corporate Quality Assurance functions and EHS.

General management personal information

General management personal information					Position within the general management	
	Age	Gender	Nationality	Number of shares	Initial date of appointment	End of term
Sébastien Huron Chief executive officer	51 years	Male	French	1,300	Chief executive officer since December 15, 2020 Date of 1st appointment: . as chairman of the executive board: 2017 . as member of the executive board: 2012	December 2023
Habib Ramdani Deputy chief executive officer	46 years	Male	French	700	Deputy chief executive officer since December 15, 2020 Date of 1 st appointment: 2016 as member of the executive board	December 2023
Marc Bistuer Deputy chief executive officer	60 years	Male	French	7,188	Deputy chief executive officer since December 15, 2020	December 2023

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

Sébastien Huron, chief executive officer

• Age and nationality	51 years, French
• First appointment	. chief executive officer since December 15, 2020. as chairman: 2017 . as chairman of the executive board : 2017 . as member of the executive board: 2012
• Current term ends	December 2023
• Number of shares held	1,300 shares held in the nominal register

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	Expired positions
Positions in Group companies: . director of the company Virbac Limited (United Kingdom).	Non-Group positions and functions exercised over the past five years but no longer in effect: none
Positions in companies outside of the Group: . manager of the <i>société civile immobilière</i> P.A.T.H. (France); . manager of <i>société civile immobilière</i> P.A.P.S. (France). None of these companies are listed on a stock exchange.	

Habib Ramdani, deputy chief executive officer

• Age et nationality	46 years, French
• First appointment	. as deputy chief executive officer since December 15, 2020 . as member of the executive board: June 2016
• Current term ends	December 2023
• Number of shares held	700 shares held in the nominal register

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.

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:		
. 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		

Marc BISTUER, deputy chief executive officer

• Age et nationality	60 years, French
• First appointment	as deputy chief executive officer since December 15, 2020
• Current term ends	December 2023
• Number of shares held	7,188 shares held in the nominal register

Doctor of pharmacy, industry option, Marc Bistuer, head of Global Industrial Operations & Corporate Quality Assurance was appointed deputy executive officer and qualified person on December 15, 2020.

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:		
. 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).		
Positions in companies outside of the Group:		
none		

Changes that occurred within the membership of the general management

	Departure	Appointment	Reappointment
General management	None	None	None

Group executive committee

General management is supported by the Group executive committee.

The Group executive committee is composed of seven members: the chief executive officer, the deputy chief executive officers and four other members appointed by general management. These members work closely together and make decisions collectively. This way of working encourages joint reflection and teamwork. Whether for long-term vision or operational needs, exchanges between the members of the Group executive committee are frequent, which allows for 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, Virbac;
- Habib Ramdani, corporate chief financial officer and deputy chief executive officer;
- Marc Bistuer, Industrial Operations & Corporate Quality Assurance and deputy chief executive officer - qualified person;
- Francesca Cortella, head of Group Human Resources;
- Bertrand Havrileck, head of Corporate R&D Biologicals and Pharmaceuticals;
- Nathalie Pollet, head of Global Marketing & Market Development;
- Hubert Trentesaux, head of Global Business Operations.

The France executive committee

As of the end of December 2021, 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 French companies and represents a platform from which to disseminate information to the various departments. It is made up of five women and ten men.

Our France management committee is chaired by the chief executive officer, Sébastien Huron, and is composed of the following members:

- deputy chief executive officer and corporate chief financial officer;
- head of Global Industrial Operations & Corporate Quality Assurance and deputy chief executive officer - qualified person;
- French Industrial Operations director;
- chairwoman of the Virbac France subsidiary;
- head of Corporate Communications;
- head of Corporate Human Resources;
- head of Corporate R&D Biologicals and Pharmaceuticals;
- director of Corporate Quality Assurance;
- director of Global Industrial Operations;
- chief information officer;
- head of Corporate EHS;
- head of Global Marketing and Market Development;
- Group general counsel;
- Corporate Sourcing director;
- head of New Products and Regulatory Affairs.

Gender diversity policy for governing bodies

At its meeting on September 14, 2021, the board of directors noted that the overall indices on gender equality are good. The board of directors is aware that the number of women in the top 10 (two women in the top 10 and four women in the top 15) must be improved and that this will take time.

With regard to the gender diversity policy for governing bodies, the board of directors, acting on a proposal from general management, set a gender diversity objective for the above-mentioned management bodies of 30% of the total number of seats in these two bodies to be held by women. As this objective is currently exceeded (30.4% ratio), it will be up to general management to ensure an improvement in this ratio and to reflect on ways to improve it, with the goal of increasing to 40% in the coming years.

It should be noted that this ambition noted by the board of directors took place before the law of December 24, 2021, which aims to accelerate economic and professional equality. This law imposes a quota, setting the proportion of people of each sex among senior managers and governing bodies at 30% as of March 1, 2026, and 40% as of March 1, 2029.

During its meeting on March 18, 2022, the board of directors asked the general management to implement an action plan with a time frame for the objectives concerning the gender diversity policy in governing bodies, and to keep it regularly informed on the progress of this plan.

In France, the percentage of women in the top 10% of management positions is 30%. 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 is a key issue for the years to come.

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
Member of the board of directors qualified as independent (article 9.5.6 of the Code) The loss of independent (director) status occurs on the twelve-year anniversary date	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. Indeed, the board of directors considers: · 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. 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.	pages 101-102
Compensation and appointment committee – Committee overseeing compensation chaired by an independent member (article 18.1 of the Code)	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.	pages 104-105
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	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.	pages 117-118
Relation of shareholders with the board of directors (article 4.4 of the Code) Relations may be entrusted to the chairman of the board or to the lead	The company did not wish to appoint a lead director. Relations with the shareholders, particularly on corporate governance matters, are handled, at the request of the chairwoman of the board of directors, by the Group's Financial Affairs department.	page 101

The board of directors having read the letter from the *Afep-Medef* High committee on corporate government dated July 30, 2021, concerning the chief executive officer's wage differential, did not wish to revisit these points.

SPECIAL PROCEDURES REGARDING SHAREHOLDER PARTICIPATION AT SHAREHOLDERS' MEETINGS

Shareholders' meetings are called and deliberate in the legally required manner. Meetings are either held at headquarters or at any other place specified in the meeting notice. Meetings are presided over 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 need not be a shareholder.

The company reserves the right to modify these terms and conditions for the shareholders' meeting to be held in 2022 as a result of the Covid-19 pandemic, in accordance with the legislative and regulatory provisions that may still be taken due to 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 corporate 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 and, 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 CORPORATE OFFICERS

The legal regime governing the compensation of corporate officers was amended by law n°2019-486 of May 22, 2019, known as the "Pacte law," and for its implementation, by order n°2019-1234 of November 27, 2019, and decree n°2019-1235 of the same day.

In accordance with article L.22-10-8 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 corporate officers.

The principles and criteria for determining, allocating and granting the fixed, variable and extraordinary 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.*, completeness, balance between the elements of compensation, comparability, coherence, intelligibility 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.

At the shareholders' meeting, a proposal will be made to vote on the compensation policy for corporate officers for their term of office, for the 2022 financial year, as described below, and to approve the variable compensation components paid or allocated to corporate officers for the 2021 financial year.

POLICY FOR EXECUTIVES AND NON-EXECUTIVE OFFICERS

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 corporate officers with those of the company and its shareholders. As such, the compensation of corporate 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 corporate officers is established by the board of directors, on the recommendation of the compensation and appointment committee, and is subject to vote by shareholders.

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 corporate 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 corporate officers, the compensation and appointment 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 corporate 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 corporate officers that is consistent with that applicable to the company's and the Group's key executives.

At the beginning of the year, the compensation and appointment committee reviews the compensation policy for directors, the chairwoman of the board of directors, the chief executive officer and the deputy chief executive officers. It presents the board of directors with the various components of the compensation policy in light of the principles set out above, in particular the fixed and variable share of compensation.

The compensation and appointment committee also assesses the achievement of the various objectives set for the previous year that will be subject to approval by the board of directors. The variable portion due for fiscal year N is paid, if applicable, during fiscal year N+1 after the shareholders' meeting, subject to a favorable vote by the shareholders.

Long-term compensation, if any, takes the form of performance-related stock grants, for which the compensation and appointment committee proposes ambitious performance criteria. It proposes the number of performance-related stock grants to be allocated to corporate officers.

On the basis of the work of the compensation and appointment committee, the board of directors:

- defines the compensation policy for corporate 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 allocates performance-related stock grants 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 of the board of directors concerning her own compensation.

All elements of the compensation policy for corporate officers will be submitted to a vote at Virbac's next shareholders' meeting.

Compensation policy for members of the board of directors and the non-voting advisors

Fixed and variable compensation

The shareholders' meeting sets the maximum annual amount that may be allocated to the members of the board of directors as well as to non-voting advisors as compensation for their mandate.

The directors' compensation policy sets out the criteria for the allocation of this amount. The method of compensation distribution includes a variable part takes into account the active participation of the directors on the board and in committees.

The following criteria are taken into account to determine distribution of the maximum total annual amount set by the shareholders' meeting between the directors and the non-voting advisors:

- attendance at formal meetings;
- presence or absence on board committees.

Thus, 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 a minimum of 75% of the board meetings will result in receiving 100% of the compensation;

- attendance at 50% of the board meetings will result in receiving 75% of the compensation;
- attendance at 25% of the board meetings will result in receiving 50% of the compensation.

This policy encourages attendance and effective participation of the members of the board of directors in the board and committee work. The involvement of members of the board of directors in the company's management activities is not limited to their participation in periodic formal discussions of the board of directors. The length of the board of directors meetings, which are held over half a day, as well as the current increased rate of participation, makes it possible to affirm that the current allocation mechanism guarantees the attendance of the members of the board of directors.

The shareholders' meeting of June 21, 2021, allocated to the members of the board of directors and to the non-voting advisors the total sum of €187,500.

A proposal will be made at the shareholders' meeting on June 21, 2022, to vote on the allocation of a total amount of €198,500 to the members of the board of directors and the non-voting advisors for the year 2022. This sum will be distributed by the board of directors among its members and the non-voting advisors 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 advisors.

Compensation policy for the chairwoman of the board of directors

Compensation for 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 any post-mandate compensation (severance pay or non-competition pay).

On September 14, 2021, the board of directors decided to increase the compensation of its chairwoman from €95,000 (unchanged since 2013) to the sum of €110,000.

Compensation policy for members of general management

Compensation policy for the chief executive officer

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 an allowance for the assumption of duties 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 a 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.

On March 18, 2022, the board of directors decided to increase his gross annual amount to €400,000 for 2022.

Variable compensation

The chief executive officer has a variable compensation target that represents a percentage of his 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 of directors 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, which, when they exist, underpin a limited portion of the variable compensation. Finally, the board of directors is careful to ensure that the criteria are easy to understand and simple.

The amount actually attributable to the chief executive officer with respect to 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 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.

On March 18, 2022, the board of directors decided to set the variable compensation of the chief executive officer for the 2022 financial year on the basis of a gross target bonus of €220,000 based on reaching 100% of the objectives set, or 55% of his fixed compensation.

The actual amount of gross annual variable compensation paid for 2022 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	35 %
Ebita before RDL (localized disposable income) as budgeted	45 %
Level of debt relief as budgeted	15 %
CSR objective	5 %

CSR objectives: the following two objectives with a weighting of 3% for a. and 2% for b.

- Construction of the Group CSR roadmap defining the key issues and the recommended organization. The achievement of this objective must be based on the integration of the purpose, the revised materiality matrix. This roadmap will specify in a legible and relevant manner the objectives and key indicators to be retained for operational implementation as of 2023, following management arbitration with regard to the priorities for implementation.
- Accident frequency rate: number of lost-time accidents in France divided by number of hours worked - excluding temporary workers < or equal to 5.5.

The variable compensation allocated for the 2022 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 revenue: 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 objectives: 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, (excluding elements corresponding to the result of an impairment test), 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 55% 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 2023.

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. It is specified that all the shares issued under performance-related stock grants are always recorded as registered shares.

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.

The performance conditions to be met for the acquisition of performance-related stock grants are measured against the internal objectives of consolidated operating profit and the Group's consolidated net debt (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 the target is met, all of the registered shares in question are acquired. 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.

1 - It should be noted that 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 as well as employees of the Virbac group;
- retention period: minimum period of two years (except in the case of disability or death) during which the securities acquired must be retained and therefore cannot be sold, beyond which the shares are transferable, subject to the holding obligations set by the board of directors (pages 133);
- 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.

2 - On March 18, 2022, 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 500 shares may be granted to Sébastien Huron.

Conditions of the plan:

- beneficiaries: the chief executive officer of Virbac as well as employees of the Virbac group;
- retention period: minimum period of two years (except in the case of disability or death) during which the securities acquired must be retained and therefore cannot be sold, beyond which the shares are transferable, subject to the holding obligations set by the board of directors (pages 133);
- 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, 2024. 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 2025. The level given as a target for this indicator as at December 31, 2024, is strategic information that cannot be made public for confidentiality reasons.
 - if 100% of the objective is reached by the end of 2024, 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 2024, 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).

3 - On March 18, 2022, the board of directors decided to open a new performance-related stock grants plan pertaining only to the chief executive officer. This plan is intended to compensate for the elimination of the supplementary pension insurance plan in favor of the former members of the executive board as decided by the supervisory board on March 12, 2019.

Conditions of the plan:

- number of shares: 5,000;
- adjustment of the number of shares acquired: the board of directors may lower the number of shares acquired at each tranche, according to a predetermined formula (confidential) to take into account any increases in tax and social security charges borne by the company in connection with this plan;

- 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: it is based on the achievement of an annual objective of the ratio of Ebit as a % of consolidated revenue (Ebit) defined as follows: consolidated non-recurring operating profit from ordinary activities/revenue, excluding taxes;
- performance objective: each year, if the Ebit is greater than or equal to a predetermined level (confidential), the beneficiary will be credited one point. Below this level, he will not be credited with any points.
 - tranche 1: acquisition of 1,000 shares in 2027:
 - if the beneficiary has been credited 5 points over the five financial years ended (2022, 2023, 2024, 2025, 2026)
 - or
 - if the beneficiary has only been credited 4 points over these five financial years AND, over a calendar year, he has not reached the required level, but the level reached is higher than another predefined level (confidential).
 In all other cases, no shares will be acquired.
 - tranche 2: acquisition of 1,000 shares in 2030:
 - if the beneficiary has been credited 3 points over the three financial years ended (2027, 2028, 2029).
 - or
 - over a calendar year, he has not reached the required level, but the level reached is higher than another predefined level (confidential) AND if he has been credited 5 points in tranche 1.
 In all other cases, no shares will be acquired.
 - tranche 3: acquisition of 3,000 shares in 2033:
 - if the beneficiary has been credited 3 points over the three financial years ended (2030, 2031, 2032)
 - or
 - if the beneficiary has only been credited 2 points over these three financial years AND, over a calendar year, he has not reached the required level, but the level reached is higher than another predefined level (confidential) AND he was credited 7 points in tranches 1 and 2
 - or
 - if the beneficiary has only been credited 1 point over these three financial years AND, over the two other calendar years, he has not reached the required level, but the level reached is higher than another predefined level (confidential) AND he was credited a minimum of 8 points in tranches 1 and 2.
 In all other cases, no shares will be acquired.
- allocation schedule: the allocation will be carried out in three tranches according to the following schedule:
 - tranche 1
 - date of grant of rights: July 1, 2022;
 - date of acquisition of shares: April 1, 2027;
 - maximum number of shares that can be acquired (subject to the achievement of performance objectives and at constant exchange rates for the company and compliance with the condition of presence): 1,000;
 - end date of the retention period (subject to the additional limitations imposed by the board of directors - see page 133): April 1, 2029.
 - tranche 2
 - date of grant of rights: July 1, 2022;
 - date of acquisition of shares: April 1, 2030;
 - maximum number of shares that can be acquired (subject to the achievement of performance objectives and at constant exchange rates for the company and compliance with the condition of presence): 1,000;
 - end date of the retention period (subject to the additional limitations imposed by the board of directors - see page 133): April 1, 2032.
 - tranche 3
 - date of grant of rights: July 1, 2022;
 - date of acquisition of shares: April 1, 2033;
 - maximum number of shares that can be acquired (subject to the achievement of performance objectives and at constant exchange rates for the company and compliance with the condition of presence): 3,000;
 - end date of the retention period (subject to the additional limitations imposed by the board of directors - see page 133): April 1, 2035.
- conditions related to presence in the Group: in order to be able to acquire the shares and therefore have them delivered, the beneficiary must have been present within the Group (Virbac SA or any company in which Virbac directly or indirectly holds a stake of more than 50%):
 - until December 31, 2026, for tranche 1;
 - until December 31, 2029, for tranche 2 ;
 - and until December 31, 2032, for tranche 3.

In the event of resignation, contractual termination, dismissal for any reason whatsoever, as well as in the event of departure before each of these dates, the beneficiary will lose any right to receive all or part of the shares allocated and not yet acquired.

In the event of disability classified in the 2nd and 3rd categories provided for by the French social security code or death of the beneficiary, after June 30, 2026, for tranche 1, June 30, 2029, for tranche 2 and June 30, 2032, for tranche 3, the right to receive the shares will be maintained and the shares allocated under the current tranche on the date of the beneficiary's disability or death will be issued to the beneficiary on the acquisition date. The shares allocated under the following tranches will be lost. The shares issued under the provisions of this paragraph will not be bound from this date by the two-year retention and non-transferability conditions.

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 and appointment committee.

■ Health insurance plan, maternity benefits, provident and pension insurance plans

The chief executive officer is covered by the health, maternity, provident and pension insurance plans 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 unemployment insurance for company's chief executive officers, which is based on the 70 over one year formula, the amount of annual contributions not allowed to exceed €15,000.

Forced retirement severance pay

The board of directors may decide to grant compensation 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 on the basis of the following.

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 interest.

This non-competition obligation applies until the end of a period of eighteen months after the effective cessation of his corporate mandate within the company and gives 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 non-compete period, a payment in an amount equal to 80% of his fixed gross monthly compensation received for the company's last financial year ended (including any other compensation related to his mandates within the Virbac group). This payment will be limited, for this eighteen-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 before the chief executive officer's sixtieth birthday, and 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 waiver 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 2022 and the forced retirement severance pay (as the case may be) shall not exceed the amount of two years' compensation (fixed and variable) of the chief executive officer (on the basis of his 2021 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 entered into before they take office as deputy chief executive officers, 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 corporate 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 an allowance for the assumption of duties 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 variable compensation target that represents a percentage of his or her fixed compensation. It 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 of directors 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, which, when they exist, underpin a limited portion of the variable compensation. Finally, the board of directors is careful to ensure that the criteria are easy to understand and simple.

The amount actually attributable to each deputy chief executive officer with respect to 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 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 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. It is specified that all the shares issued under performance-related stock grants are always recorded as registered shares.

Deputy chief executive officers are 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 similar to that of Virbac are either unlisted or are divisions or spin-offs of large listed pharmaceutical groups.

The performance conditions to be met for the acquisition of performance-related stock grants are measured against the internal objectives of consolidated operating profit and the Group's consolidated net debt (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 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 smaller number of shares depending on the percentage of the target achieved.

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, provident and pension insurance plans

Deputy chief executive officers are covered by the health, maternity, provident and pension insurance plans 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 non-statutory 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 mandate or their employment contract and are therefore not entitled to receive any non-competition payments.

Extraordinary compensation

In the event of special circumstances and subject to justification, the board of directors reserves the right to pay extraordinary compensation.

Compensation policy for Habib Ramdani

Employment contract

The employment contract was concluded in 2016 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 statutory allowances apply;
- between five and ten years of presence: 0.3 months of reference salary per year included in the tranche;
- from eleven years of presence onwards, the indemnity is calculated by cumulative seniority tranche, as follows:
 - for the tranche ranging from eleven to fifteen years of presence: 0.6 months of reference salary per year included in the tranche,
 - for the tranche beyond sixteen years of presence: 1.2 months of reference salary per year included in the tranche.

The reference salary is that defined according to the legal provisions in force.

Fixed and variable compensation

On March 18, 2022, the board of directors decided to set Habib Ramdani's gross annual fixed compensation under his employment contract at €233,233 for the 2022 financial year.

The board of directors has set the amount of Habib Ramdani's gross annual variable compensation for the 2022 financial year at €93,293, 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 2022 will depend on the achievement of quantitative targets determined as follows for 2022:

Criteria	Weighting (if all objectives are 100% achieved)
Group revenues as budgeted	35%
Ebita before RDL (localized disposable income) as budgeted	45%
Level of debt relief as budgeted	15%
CSR objective	5%

CSR objectives: the following two objectives with a weighting of 3% for a. and 2% for b.

- a. Construction of the Group CSR roadmap defining the key issues and the recommended organization. The achievement of this objective must be based on the integration of the purpose, the revised materiality matrix. This roadmap will specify in a legible and relevant manner the objectives and key indicators to be retained for operational implementation as of 2023, following management arbitration with regard to the priorities for implementation.
- b. Accident frequency rate: number of lost-time accidents in France divided by number of hours worked - excluding temporary workers < or equal to 5.5.

The variable compensation actually awarded in respect of the 2022 financial year will depend on the extent to which the objectives are achieved and will be determined a posteriori by decision of the board of directors after consultation with the compensation and appointment committee, taking into account the rules set out below.

The rules for allocation in relation to the percentage of the objective actually achieved are as follows:

- Group revenue: 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 objectives: 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, (excluding elements corresponding to the result of an impairment test), 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, 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 2023.

Long-term compensation

1- 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 officer and employees;
- retention period: minimum period of two years (except in the case of disability or death) during which the securities acquired must be retained and therefore cannot be transferred, beyond the transferability subject to the limitations set by the board of directors (page 133);
- 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 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.

2 - On March 18, 2022, 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 250 shares may be granted to Habib Ramdani.

Conditions of the plan:

- beneficiaries: the chief executive officer of Virbac as well as employees of the Virbac group;
- retention period: minimum period of two years (except in the case of disability or death) during which the securities acquired must be retained and therefore cannot be transferred, beyond the transferability subject to the limitations set by the board of directors (page 133);
- 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, 2024. 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 2025. The level given as a target for this indicator as at December 31, 2024, is strategic information that cannot be made public for confidentiality reasons.
 - if 100% of the objective is reached by the end of 2024, 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 2024, 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).

Other benefits

In addition to the various components of compensation, Habib Ramdani receives the benefits listed above pages 118-119.

Compensation policy for Marc Bistuer

Employment contract

The employment contract was concluded in 1989 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 statutory allowances apply;
- between five and ten years of presence: 0.3 months of reference salary per year included in the tranche;
- from eleven years of presence onwards, the indemnity is calculated by cumulative seniority tranche, as follows:
 - for the tranche ranging from eleven to fifteen years of presence: 0.6 months of reference salary per year included in the tranche,
 - for the tranche beyond sixteen years of presence: 1.2 months of reference salary per year included in the tranche.

The reference salary is that defined according to the legal provisions in force.

Fixed and variable compensation

On March 18, 2022, the board of directors decided to set Marc Bistuer's gross annual fixed compensation under his employment contract at €237,662 for the 2022 financial year.

The board of directors set Marc Bistuer's gross annual variable compensation for the 2022 financial year at €71,300 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 2022 will depend on the achievement of quantitative targets determined as follows for 2022:

Criteria	Weighting (if all objectives are 100% achieved)
Group revenues as budgeted	30%
Ebita before RDL (localized disposable income) as budgeted	40%
Level of debt relief as budgeted	10%
CSR objective	5%
Stock level	10%
New vaccine line project	5%

CSR objectives: the following two objectives with a weighting of 3% for a. and 2% for b.

- Construction of the Group CSR roadmap defining the key issues and the recommended organization. The achievement of this objective must be based on the integration of the mission, the revised materiality matrix. This roadmap will specify in a legible and relevant manner the objectives and key indicators to be retained for operational implementation as of 2023, following management arbitration with regard to the priorities for implementation.
- Accident frequency rate: number of lost-time accidents in France divided by number of hours worked - excluding temporary workers < or equal to 5.5.

The variable compensation actually awarded with respect to the 2022 financial year will depend on the extent to which the objectives are achieved and will be determined a posteriori by decision of the board of directors after consultation with the compensation and appointment committee, applying the rules set out below.

The rules for allocation in relation to the percentage of the objective actually achieved are as follows:

- Group revenue: 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 objectives and new line of vaccines project: no bonus below 100% of the objective;
- inventory level: 100% of the bonus will be paid if the inventory/revenue ratio is less than or equal to 24%. Above 25%, no bonus will be paid. If the 25% ratio is reached, then 50% of the bonus will be paid, and the bonus will be paid in proportion to the result between these two limits.

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, (excluding elements corresponding to the result of an impairment test), 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, 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 event, payment of the variable compensation will take place, if applicable, after and subject to approval by the shareholders' meeting to be held in 2023.

Long-term compensation

1 - 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 securities acquired must be retained and therefore cannot be transferred, beyond the transferability subject to the limitations set by the board of directors (page 133);
- 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.

2 - On March 18, 2022, 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 150 shares may be granted to Marc Bistuer.

Conditions of the plan:

- beneficiaries: the chief executive officer of Virbac as well as employees of the Virbac group;
- retention period: minimum period of two years (except in the case of disability or death) during which the securities acquired must be retained and therefore cannot be transferred, beyond the transferability subject to the limitations set by the board of directors (page 133);
- 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, 2024. 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 2025. The level given as a target for this indicator as at December 31, 2024, is strategic information that cannot be made public for confidentiality reasons.
 - if 100% of the objective is reached by the end of 2024, 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 2024, 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).

Other benefits

In addition to the various components of compensation, Marc Bistuer receives the benefits listed above on page 118-119

COMPENSATION OF EXECUTIVES AND NON-EXECUTIVE OFFICERS FOR THE 2021 FINANCIAL YEAR

The compensation components paid in the 2021 financial year or awarded with respect to 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 advisors for the 2021 financial year

The shareholders' meeting on June 21, 2021, approved the payment of a total sum of €187,500 as compensation to members of the board of directors and non-voting advisors.

Attendance of board of director's members

Meetings of board of directors and committees	Board of directors attendance (six meetings in 2021)	Audit committee attendance (four meetings in 2021)	Compensation and appointment committee (one meeting in 2021)
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	100% present at meetings	Present at three out of four meetings	N/A
Sylvie Gueguen, employee representative	100% present at meetings	N/A	N/A

At its meeting on September 14, 2021, the board of directors, 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 advisors as follows:

In €	Amounts allocated for the 2021 financial year (paid in 2022)	Amounts allocated for the 2020 financial year (paid in 2021)
	Compensation	Compensation
Marie-Hélène Dick-Madelpuech	25,000	22,400
Pierre Madelpuech	25,000	22,400
Solène Madelpuech	25,000	22,400
Philippe Capron ¹	28,500	25,600
OJB Conseil, represented by Olivier Bohuon	25,000	22,400
Cyrille Petit Conseil, represented by Cyrille Petit	22,400	22,400
Non-voting advisor, XYZ Unipessoal Lda, company represented by Xavier Yon	22,500	22,400
Non-voting advisor, Rodolphe Durand	11,500	—
Total	187,500	160,000

¹Philippe Capron's compensation takes into account his duties as chairman of the audit committee

Compensation of the chairwoman of the board of directors for the 2021 financial year

In her capacity as chairwoman of the board of directors, Marie-Hélène Dick-Madelpuech is eligible for specific compensation and has been awarded the sum of €110,000 for the 2021 financial year, according to the deliberations of the board of directors on September 14, 2021, in accordance with the compensation policy voted by the shareholders' meeting of June 21, 2021.

The table below summarizes the total compensation paid or allocated to Marie-Hélène Dick-Madelpuech for the 2021 financial year.

In €	Amounts allocated for the 2021 financial year (paid in 2022)	Amounts allocated for the 2020 financial year (paid in 2021)
As chairwoman of the board of directors	110,000	95,000
As member of the board of directors	25,000	95,000
Total	135,000	117,400

Compensation of the chief executive officer and deputy chief executive officers for the 2021 financial year

The shareholders' general meeting of June 21, 2021, approved the compensation policy applicable to the chief executive officer and deputy chief executive officers

In accordance with *Afep-Medef* recommendations, a summary of all types of compensation granted to corporate officers is presented below. The following tables present the details for each of the corporate officers.

Summary of the gross amounts due or allocated for the 2021 financial year

In €	Compensation due or allocated for 2020	Value of stock options granted in 2020	Value of performance-related stock grants allocated in 2021	Total compensation
Sébastien Huron ¹	662,396	—	221,825	884,221
Habib Ramdani	347,612	—	110,913	458,525
Marc Bistuer ¹	321,112	—	70,050	391,162
Total	1,331,120	—	402,788	1,733,908

¹Marc Bistuer became a deputy chief officer on December 15, 2020

Summary of gross amounts due or allocated for 2020

in €	Compensation due or allocated for 2020	Value of stock options granted in en 2020	Value of performance-related stock grants allocated in 2020	Total compensation
Sébastien Huron ¹	579,838	—	—	579,838
Christian Karst ²	497,136	—	312,000	809,136
Habib Ramdani	311,097	—	—	311,097
Total	1,388,071	—	312,000	1,700,071

¹overpayment of €10,000, recovered from the amounts paid in 2021²chief officer until December 15, 2020

Gross compensation of Sébastien Huron, chief executive officer

In €	2021 financial year		2020 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	338,700	338,700	331,200	341,200
Variable compensation	203,400	188,100	188,100	180,000
Extraordinary compensation	60,000	—	—	—
Directors' fees ¹	45,000	45,000	45,000	45,000
Benefits in kind	15,296	15,296	15,538	15,538
Total	662,396	587,096	579,838	581,738

¹paid by a Group subsidiary

Compensation components owed or awarded for 2021

Nature	Amounts or valuation to be voted on	Presentation
Fixed compensation	338,700	On March 16, 2021, the board of directors, further to the recommendation of the compensation committee, decided to increase the annual fixed compensation up to €338,700.
Annual variable compensation	203,400	At its meeting on March 18, 2022, the board of directors determined the variable compensation components for 2021. It amounts to 53% of the fixed compensation, including directors' fees. For more information, refer to pages 114 of the financial report.
Multi-annual variable compensation	NA	No deferred variable compensation.
Extraordinary compensation	60,000	At its meeting on March 18, 2022, the board of directors decided the payment of an extraordinary compensation, up to €60,000 (see page 127).
Stock options, performance-related stock grants or any other long-term compensation components	221,825	Under a new performance-related stock grants plan, a maximum of 950 shares may be granted. for the 2021 financial year. For more information, refer to pages 115 and 133 of the financial report.
Directors' fees	45,000	Directors' fees received with respect to terms held in the Group's subsidiary companies in 2021.
Valuation of benefits in kind	15,296	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 126 of the financial report.
Non-competition payment	No payment	For more information, refer to pages 126-127 of the financial report.
Supplementary pension plan	NA	

Fixed compensation

In 2021, Sébastien Huron received compensation of €398,996 (including benefits in kind). As a reminder, while he was chairman of the executive board, and then chief executive officer starting on December 15, 2020, he received in the 2020 financial year a fixed annual compensation in the amount of €391,738.

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 2021 financial year with regard to the following criteria:

Criteria	Weighting	Level of achievement of the objective set
Group revenue	37.70%	100%
Adjusted Ebit before RDL	42.40%	100%
Debt reduction	14.10%	100%
CSR objective	5.70%	100%

Consequently, for the 2021 financial year, Sébastien Huron's variable compensation amounts to €203,400, *i.e.*, 53% 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 L.225-100 of the French commercial code.

Unemployment insurance plan

The chief executive officer is covered by a unemployment insurance for company's chief executive officers, which is based on the rule of 70 over one year, 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 2021 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 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 accounting 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), 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 accounting half-years ended (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.

The chief executive officer did not receive any forced severance payments for the 2021 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 has a subsidiary or stake.

This non-competition obligation shall apply until the end of a period of eighteen months after the effective cessation of his corporate mandate within the company and will result in a non-competition payment.

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 before the chief executive officer's sixtieth birthday, and 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 waiver 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, 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 directors' fees and any other compensation related to his functions within the Virbac group). This payment will be limited, for this eighteen-month period, to a maximum gross amount of €500,000.

The chief executive officer did not receive any non-competition compensation for the 2021 financial year.

Extraordinary compensation

The board of directors of March 18, 2022, on the recommendation of the compensation and appointment committee decided, given the exceptional circumstances with the extension of the Covid-19 pandemic throughout 2021, which complicated activities during the financial year, without, however, undermining performance in terms of results that are remarkable and exceptional results for Virbac in 2021, well above the budget and the market, decided to grant corporate officers exceptional compensation to thank them for the work done in these difficult conditions and the commitment they demonstrated, or the sum of €60,000 gross for Sébastien Huron.

Gross compensation of Habib Ramdani, deputy chief executive officer

en €	2021 financial year		2020 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	226,604	226,604	222,000	222,000
Variable compensation	90,576	88,800	88,800	85,200
Extraordinary compensation	30,000	—	—	—
Directors' fees	—	—	—	—
Benefits in kind	432	432	297	297
Total	347,612	315,836	311,097	307,497

Compensation components owed or awarded for 2021

Nature	Amounts or valuation to be voted on	Presentation
Fixed compensation	226,604	On March 16, 2021, the board of directors, further to the recommendation of the compensation committee, decided to increase the annual fixed compensation up to €226,604.
Annual variable compensation	90,576	At its meeting on March 18, 2022, the board of directors determined the variable compensation components for 2021. It amounts to 40% of the fixed compensation. For more information, see below.
Multi-annual variable compensation	NA	No deferred variable compensation.
Extraordinary compensation	30,000	At its meeting on March 18, 2022, the board of directors decided the payment of an extraordinary compensation, up to €30,000. For more information, see below.
Stock options, performance-related stock grants or any other long-term compensation components	110,913	Under a new performance-related stock grants plan, a maximum of 475 shares may be granted. for the 2021 financial year. For more information, refer to pages 115, 131 and 133 of the financial report..
Directors' fees	NA	No directors' fees were received.
Valuation of benefits in kind	432	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 117-118).
Supplementary pension plan	NA	

Fixed compensation

During the 2021 financial year, Habib Ramdani received a fixed annual compensation of €227,036 under his employment contract. As a reminder, Habib Ramdani received, during the 2020 financial year, a fixed annual compensation of €222,297.

Evaluation criteria for the variable portion

For the 2021 financial year, the maximum variable portion of Habib 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 Ebit before RDL	45	100%
Debt reduction	15	100%

Consequently, for the 2021 financial year, Habib Ramdani's variable compensation amounts to €120,576.

The payment of variable compensation is subject to the approval of compensation components at the next ordinary shareholders' meeting held in accordance with article L.225-100 of the French commercial code.

Extraordinary compensation

The board of directors of March 18, 2022, on the recommendation of the compensation and appointment committee decided, given the exceptional circumstances with the extension of the Covid-19 pandemic throughout 2021, which complicated activities during the financial year, without, however, undermining performance in terms of results that are remarkable and exceptional results for Virbac in 2021, well above the budget and the market, decided to grant corporate officers exceptional compensation to thank them for the work done in these difficult conditions and the commitment they demonstrated, or the sum of €30,000 gross for Habib Ramdani.

Conditions for termination of the employment contract

see page 119.

Gross compensation of Marc Bistuer, deputy chief executive officer

en €	2021 financial year	
	Amounts due for the financial year	Amounts paid during the financial year
Fixed compensation	228,526	228,526
Variable compensation	61,700	59,490
Extraordinary compensation	30,000	—
Directors' fees	—	—
Benefits in kind	886	886
Total	321,112	288,902

Compensation components owed or awarded for 2021

Nature	Amounts or valuation to be voted on	Presentation
Fixed compensation	228,526	On March 16, 2021, the board of directors, further to the recommendation of the compensation committee, decided to increase the annual fixed compensation up to €228,526.
Annual variable compensation	90,576	At its meeting on March 18, 2022, the board of directors determined the variable compensation components for 2021. It amounts to 27% of the fixed compensation. For more information, refer to pages 130 of the financial report.
Multi-annual variable compensation	NA	No deferred variable compensation.
Extraordinary compensation	30,000	At its meeting on March 18, 2022, the board of directors decided the payment of an extraordinary compensation, up to €30,000.
Stock options, performance-related stock grants or any other long-term compensation components	110,913	Under a new performance-related stock grants plan, a maximum of 475 shares may be granted. for the 2021 financial year. For more information, refer to pages 115- 131 of the financial report.
Directors' fees	NA	No directors' fees were received.
Valuation of benefits in kind	432	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 121).
Non-competition payment	NA	No non-competition payment (see page 117).
Supplementary pension plan	NA	

Fixed compensation

During the 2021 financial year, Marc Bistuer received a fixed annual compensation of €229,412 under his employment contract. As a reminder, Marc Bistuer received, during the 2020 financial year, a fixed annual compensation of €211,594.

Evaluation criteria for the variable portion

For the 2021 financial year, the maximum variable portion of Marc Bistuer's compensation represents, as a percentage 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	32	100%
Adjusted Ebit before RDL	36	100%
Debt reduction	12	100%
Supply chain companion animal vaccines	10	—%
Back orders - average rate as budgeted	10	100%

Consequently, for the 2021 financial year, Marc Bistuer's variable compensation amounts to €61,700 *i.e.*, 27% of his fixed compensation

The payment of variable compensation is subject to the approval of compensation components at the next ordinary shareholders' meeting held in accordance with article L.225-100 of the French commercial code.

Extraordinary compensation

The board of directors of March 18, 2022, on the recommendation of the compensation and appointment committee decided, given the exceptional circumstances with the extension of the Covid-19 pandemic throughout 2021, which complicated activities during the financial year, without, however, undermining performance in terms of results that are remarkable and exceptional results for Virbac in 2021, well above the budget and the market, decided to grant corporate officers exceptional compensation to thank them for the work done in these difficult conditions and the commitment they demonstrated, or the sum of €30,000 gross for Marc Bistuer.

Conditions for termination of the employment contract

See page 120-121.

Shares subscription or purchase options

The company has no shares subscription or stock purchase plan in effect at this time.

Performance-related stock grants

Performance-related stock grants allocated to executive officers

The executive board, then the board of directors, since the change in governance in December 2020, in accordance with the authorization from the shareholders' meeting, granted an allocation of performance-related stock grants for certain employees and directors at Virbac and its subsidiaries.

- In the last five financial years, performance-related stock grants were allocated in 2018, 2019, and 2020.
- A performance plan was implemented on March 16, 2021.
- Two new performance plans were implemented on March 18, 2022.

The board of directors of March 18, 2022, decided to open a new performance-related stock grant allocation plan (PAG 2022 n°. 1) for the benefit of Virbac's chief executive officer, as well as the employees of the Virbac Group. See details on page 115, 120, 122 and 131.

The board of directors of March 18, 2022, decided to open a new performance-related stock grant allocation plan (PAG 2022 n°. 2) for the benefit of Virbac's chief executive officer. See details on pages 115-116 and page 131.

History of performance-related stock plans						
	PAG 2018	PAG 2019	PAG 2020	PAG 2021	PAG 2022 n° 1	PAG 2022 n° 2
Date of the executive board	20/7/2018	30/6/2019	—	—	—	—
Date of the board of directors	—	—	19/6/2020	16/3/2021	18/3/2022	18/3/2022
Total number of shares allocated, of which the number assigned to:	15,000	4,000	1,600	6,225	4,000	5,000
Sébastien Huron	1,600	—	—	950	500	5,000
Christian Karst ²	1,200	4,000	1,600	—	—	—
Habib Ramdani	1,000	—	—	475	250	—
Marc Bistuer ¹	—	—	—	300	150	—
Acquisition date	2022	2021	2021	see page 115	see page 115	see pages 115-116
Availability date	2024	2023	2023	see page 115	see page 115	see pages 115-116
Performance conditions	see information below			see page 115	see page 115	see pages 115-116
Shares acquired	50 %	3,800	—	—	—	—
Number of shares cancelled or lapsed	475	200	1,600	—	—	—
Number of shares remaining at year-end	7,075	—	—	6,225	4,000	5,000

¹Marc Bistuer became deputy chief executive officer on December 15, 2020

²Christian Karst, chief executive officer until December 15, 2020, retired in 2021.

Performance shares that became available during the year		
	Plans	Number of shares acquired during the year ¹
Sébastien Huron	2018 Plan	800
Habib Ramdani	2018 Plan	500
Christian karst	2018 Plan	600
Christian karst	2019 Plan	3,800

¹subject to the limitations set by the board of directors (see page 133)

2018 plan

	Number of shares allocated	Valuation of shares ¹	Acquisition date	Availability date ²
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		

¹based on the method used for the consolidated accounts

²subject to the limitations set by the board of directors (see page 133)

Performance condition:

formula related to consolidated adjusted operating profit (Ebita) and consolidated net debt (net debt), calculated on the basis of the audited consolidated accounts approved by the supervisory board or by the board of directors.

During the 2021 financial year, we only validated the first tranche of 50% in accordance with the structure of the plan, and we did not distribute exactly 50% due to departures.

2019 plan

	Number of shares allocated	Valuation of shares ¹	Acquisition date	Availability date ²
Christian Karst	4,000 €	672,800	2021	2023
Total	4,000 €	672,800		

¹based on the method used for the consolidated accounts

²subject to the limitations set by the board of directors (see page 133)

Performance condition:

the objective is based on the acquisition of exploitation rights for third-party products that complement Virbac's various internal R&D projects around the world, through the signing of commercial licensing agreements and enabling the short-term generation of sales and additional margins optimizing the Group's profitability.

The initial number of 4,000 shares provided for in the 2019 plan was reduced to 3,800 shares, after the adjustment made based on the achievement of objectives. These 3,800 shares were acquired by the beneficiary in 2021.

2020 plan

	Number of shares allocated	Valuation of shares ¹	Acquisition date	Availability date ²
Christian Karst	1,600	€312,000	2021	2023
Total	1,600	€312,000		

¹based on the method used for the consolidated accounts

²subject to the limitations set by the board of directors (see page 133)

Performance condition:

the objective is based on the acquisition of exploitation rights for third-party products that complement Virbac's various internal R&D projects around the world, through the signing of commercial licensing agreements and enabling the short-term generation of sales and additional margins optimizing the Group's profitability.

The 2020 performance-related stock grant became irrelevant, following the retirement of Christian Karst in 2021.

2021 plan

	Number of shares allocated	Valuation of shares ¹	Acquisition date	Availability date ²
Sébastien Huron	950	221 825 €	2024	2026
Habib Ramdani	475	110 913 €	2024	2026
Marc Bistuer	300	70 050 €	2024	2026
Total	1 725	402 788 €		

¹based on the method used for the consolidated accounts

²subject to the limitations set by the board of directors (see page 133)

Performance condition:

Refer to page 115 of the financial report

On June 21, 2021, the shareholders' meeting 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 performance-related stock grants to be awarded to managers or comparable employees, or certain categories thereof, as well as to the corporate 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 according to article L.225-197-2 of the French commercial code.

The total number of performance-related stock grants awarded may not represent over 1.0% of Virbac's capital. It is also pointed out that the number of performance-related stock grants awarded to the corporate officers during the term of the authorization may not exceed 0.5% of the capital as of the day of the award. 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.

The corporate 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 board of directors.

The chief executive officer and the deputy chief executive officers have also agreed to retain 35% of the performance-related stock grants to the chief executive officer and 25% of the performance-related stock grants to the deputy chief executive officers, as long as they remain active in the Group. This retention commitment will 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 deputy chief executive officers do not receive any multi-year variable compensation.

The components constituting the compensation and benefits of any kind paid during the 2021 financial year or awarded in respect of the same financial year to the chief executive officer and deputy chief executive officers will be subject to the vote of the shareholders' meeting.

Compensation ratios and annual evolution of Virbac's compensation and performance ratios

Changes in the compensation of the members of the executive board (in €)	2017	2018	2019	2020	2021
Marie-Hélène Dick¹					
Total compensation due or awarded for the year	€116,000	€116,000	€111,500	€117,400	€135,000
Evolution/N-1	—%	—%	-4%	5%	15%
Ratio of compensation over average earnings	2.3	2.2	2.0	2.0	2.2
Evolution/N-1	0	0 point	0 point	0 point	0 point
Ratio of compensation over median earnings	2.8	2.6	2.4	2.5	2.6
Evolution/N-1	0	0 point	0 point	0 point	0 point
Sébastien Huron²					
Total compensation due or awarded for the year	€316,155	€586,352	€555,361	€579,838	€620,821
Evolution/N-1	-34%	86%	-5%	4%	7%
Ratio of compensation over average earnings	6.3	10.9	9.9	10.0	10.1
Evolution/N-1	0	5 points	-1point	0 point	0 point
Ratio of compensation over median earnings	7.6	13.2	12.1	12.1	12.2
Evolution/N-1	0	6 points	-1point	0 point	0 point
Habib Ramdani³					
Total compensation due or awarded for the year	€242,588	€330,701	€298,770	€311,097	€337,785
Evolution/N-1	-17%	36%	-10%	4%	9%
Ratio of compensation over average earnings	4.8	6.1	5.3	5.4	5.5
Evolution/N-1	-1point	1 point	-1 point	0 point	0 point
Ratio of compensation over median earnings	5.8	7.5	6.5	6.5	6.6
Evolution/N-1	-1point	2 points	-1point	0 point	0 point
Christian Karst⁴					
Total compensation due or awarded for the year	€370,032	€475,247	€1,151,984	€809,136	—
Evolution/N-1	-26%	28%	142%	-30%	—
Ratio of compensation over average earnings	7.4	8.8	20.5	14.0	—
Evolution/N-1	-3 points	1 point	12 points	-7points	—
Ratio of compensation over median earnings	8.9	10.7	25.1	13.0	—
Evolution/N-1	-3 points	2 points	14 points	-12 points	—
Marc Bistuer⁵					
Total compensation due or awarded for the year	—	—	—	—	€299,462
Evolution/N-1	—	—	—	—	—
Ratio of compensation over average earnings	—	—	—	—	4.9
Evolution/N-1	—	—	—	—	—
Ratio of compensation over median earnings	—	—	—	—	5.9
Evolution/N-1	—	—	—	—	—
Total compensation due or awarded to the members of the top executives⁶	€1,044,775	€1,508,300	€2,117,615	€1,817,471	€1,393,068
Evolution/N-1	-25%	44%	40%	-14%	-14%

¹chairwoman of the supervisory board until December 15, 2020. Chairwoman of the board of directors since that date

²chairman of the executive board until December 15, 2020. Chief executive officer since that date

³a member of the executive board until December 15, 2020. Deputy chief executive officer since that date

⁴chief executive officer until December 15, 2020

⁵deputy chief executive officer since December 15, 2020

⁶this amount includes the value of the performance shares granted under the plans set up in 2021 and during the past four financial years

	2017	2018	2019	2020	2021
Virbac average earnings (€)	€50,331	€53,876	€56,107	€57,813	€60,786
Evolution/N-1	-1%	7%	4%	3%	5%
Average ratio⁵	21	28	38	31	31
Evolution/N-1	-6points	7 points	10 points	-7 points	-1point

⁵compensation of the executive board members/Virbac average earnings

	2017	2018	2019	2020	2021
Virbac median earnings (€)	€41,507	€44,287	€45,925	€47,859	€50,450
Evolution/N-1	-2%	7%	4%	4%	5%
Median ratio⁶	25	34	46	38	37
Evolution/N-1	-8 points	9 points	12 points	-1 point	-1 point

⁶compensation of the executive board members/Virbac median earnings

	2017	2018	2019	2020	2021
Current operating profit before depreciation of assets arising from acquisitions (k€)	€80,341	€88,076	€122,447	€128,875	€126,961
Evolution/N-1	-3%	10%	39%	5%	-1%
Net result (k€)	€1,759	€20,985	€54,422	€141,769	€115,691
Evolution/N-1	-95%	1093%	159%	160%	-18%

Pursuant to article L225-37-3 of the French commercial code, for the calculation of the average compensation, the scope used is that of the Virbac, Virbac France, Bio Vétro Test and Alfamed companies, representing more than 95% of the workforce in France, and whose reference workforce amounted to 1302 employees in 2021, including 644 managers. This scope is representative of Virbac's various lines of business.

For the sake of comparison, and in accordance with the *Afep-Medef* Code recommendations, the staff used to calculate average and median compensation corresponds to a full-time equivalent staff. This workforce is defined on the basis of employees present in the company on January 1 of the reference year, excluding corporate officers.

Compensation is calculated from all amounts due or allocated during the financial year in question, and consists of fixed compensation, variable compensation, employee savings and performance-related stock grants.

Contracts, plans and compensation

Corporate managing officers	Employment contract	Supplementary pension plan if conditions fulfilled	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 : chief executive officer since December 15, 2020 Previously chairman of the executive board since December 2017 until December 15, 2020 Term end date of chief executive officer's mandate: December 2023	No	No	Yes	Yes
Habib Ramdani				
Position : deputy chief executive officer since December 15, 2020 Previously member of the executive board since June 2016 until December 15, 2020 Term end date of deputy chief executive officer's mandate: December 2023	Yes	No	No	No
Marc Bistuer				
Position : deputy chief executive officer since December 15, 2020 Term end date of member of the executive board's mandate : December 2023	Yes	No	No	No

TRADING IN COMPANY SHARES

Pursuant to the provisions of articles L.621-18-2 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
Sébastien Huron	5,900	€1,340,710
Purchases	5,900	€1,340,710
Sébastien Huron	6,869	€2,492,689
Sales	6,869	€2,492,689

By members of the board of directors and related parties

	Number of shares	Cumulated amount of transactions
Purchases	0	€—
Sales	0	€—

Prohibition periods preceding the publication of annual and interim financial statements

At the beginning of each year, the company communicates to all persons concerned, including corporate officers, the prohibition periods provided for in article 19.11 of regulation 596/2014 with regard to the publication of annual or half-year financial statements and the prohibition periods defined by the *AMF* recommendation (DOC 2016-08) for quarterly financial statements. The same people also receive a reminder message at the beginning of each prohibition period.

SHARE CAPITAL STRUCTURE

As of December 31, 2021

	Shares	Voting rights	Capital	Voting rights
Dick family group	4,203,226	8,403,497	49.70%	65.90%
Company savings plan	46,421	92,842	0.55%	0.73%
Public	4,197,896	4,255,115	49.63%	33.37%
Treasury shares	10,457	—	0.12%	—
Total	8,458,000	12,751,454	100.00%	100.00%

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%

Delegation granted by the shareholders' meeting concerning capital increases

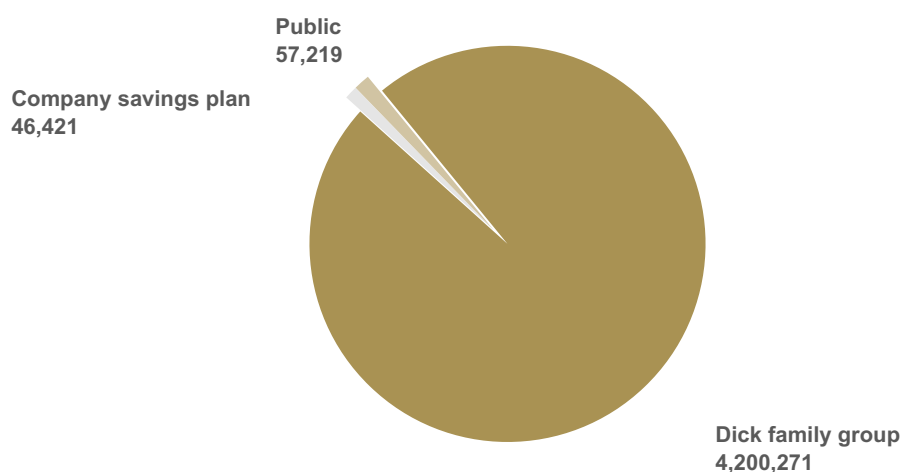
There is no delegation of authority granted by the shareholders' meeting in the area of capital increases; the company did not experience any capital increase.

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 (10,457 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 January 11, 2022, the company La Financière de l'Echiquier crossed the 2% of Virbac capital threshold downward. As of that date, it owned 164,742 shares, or 1.948% of the total number of shares and 1.291% of the voting rights.

As of March 30, 2022, the company Grandeur Peak Advisors crossed the 1% of Virbac capital threshold upwards. As of that date, it owned 92,078 shares, or 1.09% of the total number of shares.

STOCK MARKET DATA

in €	2017	2018	2019	2020	2021
Highest share price	€177.30	€150.80	€250.00	€244.00	€448.50
Lowest share price	€102.10	€103.00	€112.20	132,20	€200.50
Average share price	€141.43	€126.18	€169.82	198,68	€310.68
Closing share price	€123.50	€113.80	€236.50	238,00	€424.50

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 62,944 Virbac shares, representing a share capital of 0.74%, which were held through an employee savings plan and registered performance-related stock grants as of December 31, 2021.

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.

Ordinary shareholders' meeting of June 21, 2022

Explanatory statement and draft resolutions

ORDINARY BUSINESS

1. Approval of the statutory accounts of the financial year 2021

Statement

Resolutions 1, 2 and 3: approval of the annual accounts (parent company and consolidated), allocation of profit from the 2021 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 €68,350,160,31 in 2021;
- the consolidated accounts from the 2021 financial year, with details and explanations appearing on pages 140 to 197;
- allocation of profit.

The distribution of a dividend will be proposed to the shareholders' meeting in the amount of €1.25 per share, *i.e.* a total amount of €10,572,500.

Resolutions

First resolution: approval of the statutory accounts for the 2021 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, 2021 showing a net profit of €68,350,160.31, 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 €465,626. 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 2021 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, 2021, approves, as they were presented, the consolidated accounts for this financial year, showing a net profit of €113,162,216 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 20201
Net result for the period	68,350,160.31
Retained earnings carried forward	532,942,374.67
Distributable result	601,292,534.98
Distribution of dividend	10,572,500.00
Retained earnings for the period	57,777,660.31

The dividend distributed for each share with the nominal value of €1.25 amounts to €1.25. The dividend to be distributed will be detached from the share on June 24, 2022 and will be payable on June 28, 2022.

The shareholders' meeting decides that, in accordance with the provisions of article L.225-210 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, 2021 eligible for the 40% reduction provided for in article 158, 3-2 of the French general tax code amounts to €10,572,500, *i.e.* all dividends distributed.

The shareholders were also reminded that, in accordance with the provisions of article L.136-7 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 2018	—	—
In respect of 2019	—	—
In respect of 2020	0.75	6,331,890.75

2. Regulated agreements

Statement

Resolution 4: agreements and commitments known as "regulated", pursuant to article L.225-38 *et seq.* of the French commercial code

No agreements or commitments subject to the provisions of article L.225-38 of the French commercial code were entered into or renewed in the 2021 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 L.225-38 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 L.225-38 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 L.225-17 to L.225-56 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:

- Pierre Madelpuech's term of office as vice-chairman of the board of directors expires at the end of this shareholders' meeting;
Pierre Madelpuech has held an office in the company since 1995 and therefore knows the company well. Due to his professional experience as an entrepreneur, he contributes significantly to the smooth running of the board of directors.
Accordingly, we propose that you renew Pierre 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, 2024 (resolution 5).
- Cyrille Petit Conseil company's term of office as a member of the board of directors expires at the end of this shareholders' meeting;
Cyrille Petit makes a significant contribution to the smooth running of the board of directors as a result of his experience and motivation.
Accordingly, we propose that you renew the term of office of the company Cyrille Petit Conseil represented by Cyrille Petit 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, 2024 (resolution 6).

Information involving members of the board of directors appears in the Corporate governance report on pages 92 to 106.

Resolutions

Fifth resolution: renewal of the term of office of Pierre 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 Pierre 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, 2024.

Sixth resolution: renewal of the term of office of Cyrille Petit Conseil company represented by Cyrille Petit 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 the term of office of the company Cyrille Petit Conseil represented by Cyrille Petit 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, 2024.

4. Non-voting advisors – renewal of the non-voting advisors term

Statement

Resolutions 7 and 8

The shareholders' meeting of June 21, 2021:

- renewed the term of office of the company Xavier Yon Consulting Unipessoal Lda, represented by Xavier Yon, as a non-voting advisor until the close of this shareholders' meeting;
- appointed Rodolphe Durand, as a non-voting advisor, until the end of this shareholders' meeting.

Accordingly, we propose that you renew the terms of office of the company Xavier Yon Consulting Unipessoal Lda, represented by Xavier Yon, and of Rodolphe Durand, as non-voting advisors for a period of one year, or until the end of the shareholders' meeting convened to approve the accounts for the 2022 financial year.

Information regarding the non-voting advisors appears in the Corporate governance report on pages 105 and 106.

Resolutions

Seventh resolution: renewal of the term of office of the company Xavier Yon Consulting Unipessoal Lda represented by Xavier Yon 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 Unipessoal Lda 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, 2022.

Eighth resolution: renewal of the term of office of Rodolphe Durand 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 Rodolphe Durand, as a non-voting advisor.

Rodolphe Durand'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, 2022.

5. Renewal of statutory auditors

Statement

Resolutions 9 and 10

The terms of office of the statutory auditors and the alternate statutory auditors expire at the end of this meeting; we propose the renewal of the terms of office of the statutory auditors for six years.

Given, on the one hand, the law of December 9, 2016 (known as "Sapin 2") which made it optional to appoint alternate statutory auditors insofar as the statutory auditor is not a natural person or a single-person company, and, on the other hand, the wording of the articles of association, which do not mention the appointment of alternate statutory auditors, the terms of office of the alternate statutory auditors will not be renewed.

Resolutions

Ninth resolution: renewal of the term of office of the company Deloitte & Associés, statutory auditor

The shareholders' meeting, ruling under the conditions of *quorum* and majority required for ordinary shareholders' meetings, decides to renew the term of office of Deloitte & Associés in its capacity as statutory auditor for a period of six financial years, *i.e.* until the meeting that will approve the accounts for the financial year ended in 2027.

Tenth resolution: renewal of the term of office of the company Novances-David & Associés, statutory auditor

The shareholders' meeting, ruling under the conditions of *quorum* and majority required for ordinary shareholders' meetings, decides to renew the term of office of Novances-David & Associés in its capacity as statutory auditor for a period of six financial years, *i.e.* until the meeting that will approve the accounts for the financial year ended in 2027.

6. Compensation

Statement

Resolutions 11 to 21

The information referred to in article L.22-10-9 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 2021 financial year or assigned under the same financial year to the chairwoman of the board of directors, the chief executive officer and the deputy chief executive officers, are subject to the approval of the shareholders' meeting as they appear in the Corporate governance report (pages 122 to 136).

In accordance with the provisions of article L.22-10-34 of the French commercial code, payment of the variable portion of compensation for 2021 to the chief executive officer and the deputy chief executive officers is subject to approval during the June 21, 2022 general meeting of shareholders.

The elements comprising the compensation policy of the chairwoman of the board of directors, the members of the board of directors, the chief executive officer and the deputy chief executive officers, are the subject of resolutions submitted to the general meeting of shareholders, as they appear in the Corporate governance report (pages 111 to 122).

Resolutions

Eleventh resolution: approval of the information mentioned in article L.22-10-9 I. of the French commercial code relating to the compensation of members of the board of directors

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, pursuant to the provisions of article L.22-10-34 I. of the French commercial code, having acquainted itself with the Corporate governance report referred to in article L.225-37 of the French commercial code, approves the information involving members of the board of directors, referred to in article L.22-10-9 I. of the French commercial code, as presented in the Corporate governance report (pages 111 to 113 and 122 to 124).

Twelfth resolution: approval of the information mentioned in article L.22-10-9 I. of the French commercial code relating to the compensation of chief executive officer and deputy chief executive officers

The shareholders' meeting, under conditions of *quorum* and majority required for ordinary shareholders' meetings, pursuant to the provisions of article L.22-10-34 I. of the French commercial code, having acquainted itself with the Corporate governance report referred to in article L.225-37 of the French commercial code, approves the

information involving chief executive officer and deputy chief executive officers, referred to in article L.22-10-9 I. of the French commercial code, as presented in the Corporate governance report (pages 111 to 112 and 113 to 136).

Thirteenth resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded in the 2021 financial year to Marie-Hélène Dick-Madelpuech, chairwoman of the board of directors

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 L.225-37 of the French commercial code, approves, pursuant to article L.22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2021 financial year or awarded under the same financial year to Marie-Hélène Dick-Madelpuech, chairwoman of the board of directors, as presented in the Corporate governance report (pages 122 to 124).

Fourteenth resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2021 financial year to Sébastien Huron, chief executive officer

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 L.225-37 of the French commercial code, approves, pursuant to article L.22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2021 financial year or awarded under the same financial year to Sébastien Huron, chief executive officer, as presented in the Corporate governance report (pages 124 to 127 and 130 to 136).

Fifteenth resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2021 financial year to Habib Ramdani, deputy chief executive officer

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 L.225-37 of the French commercial code, approves, pursuant to article L.22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2021 financial year or awarded under the same financial year to Habib Ramdani, deputy chief executive officer, as presented in the Corporate governance report (pages 127 to 129 and 130 to 136).

Sixteenth resolution: approval of the elements comprising compensation and benefits of any nature paid or awarded during the 2021 financial year to Marc Bistuer, deputy chief executive officer

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 L.225-37 of the French commercial code, approves, pursuant to article L.22-10-34 II. of the French commercial code, the elements comprising compensation and other benefits paid in the 2021 financial year or awarded under the same financial year to Marc Bistuer, deputy chief executive officer, as presented in the Corporate governance report (pages 129 to 131 and 133 to 136).

Statement

Resolutions 17 to 20: approval of the compensation policy for members of the board of directors, the chief executive officer and the deputy chief executive officers for the 2022 financial year

Pursuant to article L.225-37 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 L.22-10-8 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 2022 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 111 to 122. They will apply up to the next shareholders' meeting, which will be convened to approve this policy, in accordance with the law.

Resolutions

Seventeenth resolution: approval of the compensation policy of the chairwoman of the board of directors for the 2022 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 L.225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L.22-10-8 of the French commercial code, the compensation policy for the chairwoman of the board of directors for the 2022 financial year, as presented in the Corporate governance report (pages 111 to 113).

Eighteenth resolution: approval of the compensation policy of the members of the board of directors for the 2022 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 L.225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L.22-10-8 of the French commercial code, the compensation policy for the members of the board of directors for the 2022 financial year, as presented in the Corporate governance report (pages 111 to 113).

Nineteenth resolution: approval of the compensation policy of Sébastien Huron, chief executive officer, for the 2022 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 L.225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L.22-10-8 of the French commercial code, the compensation policy for Sébastien Huron, chief executive officer, for the 2022 financial year, as presented in the Corporate governance report (pages 113 to 119).

Twentieth resolution: approval of the compensation policy of Habib Ramdanid, deputy chief executive officer, for the 2022 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 L.225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L.22-10-8 of the French commercial code, the compensation policy for Habib Ramdani, deputy chief executive officer, for the 2022 financial year, as presented in the Corporate governance report (pages 119 to 120).

Twenty-first resolution: approval of the compensation policy of Marc Bistuer, deputy chief executive officer, for the 2022 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 L.225-37 of the French commercial code, describing the elements of the compensation policy for company officers, approves, pursuant to article L.22-10-8 of the French commercial code, the compensation policy for Marc Bistuer, deputy chief executive officer, for the 2022 financial year, as presented in the Corporate governance report (pages 120 to 122).

Statement

Resolution 22: setting of the compensation allocated to the members of the board of directors and the non-voting advisors

At the general meeting of shareholders, a proposal will be made to allocate the sum of €198,500 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 2021 to the members of the board of directors and the non-voting advisors was €187,500. The board of directors will determine the distribution of this sum among its members and the non-voting advisors.

Resolution

Twenty-second 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 €198,500 for the purposes of compensating its members for the 2022 financial year; said sum is to be distributed among its members and the non-voting advisors by the board of directors.

7. Authorization to be granted to the board of directors to buy back shares of the company

Statement

Resolution 23: authorization to be granted to the board of directors to buy back shares of the company

The ordinary shareholders' meeting of June 21, 2021 authorized the Virbac parent company to buy back treasury shares in accordance with articles L.22-10-62 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, 2021, Virbac held a total of 10,457 treasury shares, acquired on the market for a total of €3,127,090 excluding fees, for an average price of €299.04 per share.

During the financial year, the company bought 44,912 treasury shares (at an average price of €272.27) and sold 47,934 treasury shares (at an average price of €281.19) as part of a market-making contract.

In 2021, we acquired 3,000 treasury shares for a value of €1,298,391 in the context of the performance-related stock grants allocation plans. The treasury shares of the 2018 plans (7,025 shares, *i.e.* 50% of the plan) and 2019 (3,800 shares, *i.e.* 100% of the plan) were acquired by the beneficiaries during the financial year for the respective amounts of €1,084,971 and €697,651 employer contribution included.

As of December 31, 2021, treasury shares accounted for 0.12% 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 of the shareholders' meeting dated on June 21, 2021.

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 (AMF);
- allocate performance-related stock grants;
- reduce the company's share capital by cancelling part or all of the shares repurchased, in accordance with the twentieth resolution of the shareholders' meeting of June 21, 2021.

The maximum unit purchase price may not exceed €1,000 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

Twenty-third 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 L.22-10-62 *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;
- proceed with the allocation of bonus performance-related stock grants under the provisions of articles L.225-197-1 *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 €1,000 per share.

The maximum transaction amount that could be carried out pursuant to this resolution, taking into account the 16,213 shares already held as of February 28, 2022, is thus set at €829,587,000.

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 21, 2021 in its nineteenth resolution, is granted for a period of 18 months from the date of this meeting.

All powers are conferred to the board of directors, 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.

8. Powers for formalities

Statement

Resolution 24: powers

This resolution is intended to confer the necessary powers to carry out the formalities subsequent to the shareholders' meeting.

Resolution

Twenty-fourth 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 2065 m, LID 06516 Carros
417 350 311 RCS GRASSE

Request for documents and information

Ordinary shareholder's meeting of June 21, 2022

I undersigned:

Surname:

First name:

Address:

Postal code:

Town:

Country:

Email: _____ @ _____

Owner of _____ **shares of the company VIRBAC,**

In accordance with article R.225-88, paragraphs 1 and 2, of the French commercial code, request documents and information referred to in this article concerning the general meeting to be held on Tuesday 21st June 2022

Transmission mode (if not specified, documents will be sent by email):

☐ By email

☐ By mail

Signed at _____ **, on** _____ **2022**

Signature

In accordance with article R.225-88, paragraph 3, of the French commercial code, upon simple request, holders of registered shares may obtain the documents and information from the company at each subsequent general meeting. Shareholders who wish to benefit from this option should stipulate their wish on the present request from. Company at each subsequent general meeting. Shareholders who wish to benefit from this option should stipulate their wish on the present request from by ticking this box.



WE ARE AT YOUR SERVICE ON 5 CONTINENTS

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Shaping the future
of **animal health**

Virbac