

## **COMPENSATION OF THE EXECUTIVE OFFICERS**

In accordance with the recommendations of the AFEP-MEDEF corporate governance code, EUROAPI is publishing below details of the compensation arrangements for its Chair and its Chief Executive Officer as approved by the Board of Directors at its meeting of May 4, 2022.

### **I – Compensation arrangements for the Chair of the Board of Directors, Viviane Monges**

#### **A. Compensation in respect of 2021**

In 2021, Viviane Monges received, in compensation for her duties as Chair of the Supervisory Board of the Company as a French simplified joint-stock company (*société par actions simplifiée*), remuneration in the amount of €200,000.

#### **B. Compensation in respect of 2022**

The tasks performed by the Chair of the Supervisory Board in 2022 specifically for the admission to trading of the Company's shares on the regulated market of Euronext Paris will be compensated for at a fixed amount of €349,000 for this period.

Following the transformation of the Company into a French public limited company (*société anonyme*), Viviane Monges was named Chair of the Board of Directors by the Board of Directors on May 4, 2022 and was granted an annual fixed remuneration of €300,000 for the financial year ended December 31, 2022 and for each subsequent year until a new decision is made by the Board of Directors.

For the year ending December 31, 2022, Viviane Monges, Chair of the Board of Directors, will receive a fixed remuneration of €300,000 and a bonus of €349,000 for the completion of the Company's initial listing, i.e., a total of €649,000.

## II – Compensation arrangements for the Chief Executive Officer, Karl Rotthier

### A. Compensation in respect of 2020 and 2021

The remuneration for Karl Rotthier, Chairman of the Company in the form of a French simplified joint-stock company (*société par actions simplifiée*) was determined with respect to his permanent employment contract signed with Sanofi Chimie, a subsidiary of Sanofi, which ended with his resignation effective as of September 30, 2021, and then with respect to a corporate officer contract signed with the Company and effective as of October 1, 2021. The following tables detail the remuneration granted to Karl Rotthier by the Company and by any company of the Group and of the Sanofi group during the years ended December 31, 2020 and 2021:

**Table 1 (AMF nomenclature): Summary table of the remuneration, options and shares granted to Karl Rotthier**

	FY 2020	FY 2021
<b>Karl Rotthier, Chairman<sup>(1)</sup></b>		
Remuneration due for the year (detailed in Table 2)	Not applicable	€1,152,500
Value of the multi-year variable remuneration granted during the financial year	Not applicable	€360,000 <sup>(2)</sup>
Value of options granted during the year (detailed in Table 4)	Not applicable	Not applicable
Valuation of free shares allotted (detailed in Table 6)	Not applicable	Not applicable
<b>Total</b>	Not applicable	<b>€1,512,500</b>

(1) Karl Rotthier was appointed Chairman of the Company in its form as a French simplified joint-stock company (*société par actions simplifiée*) on March 31, 2021.

(2) Phantom Stock Units (PSU) Plan, in the amount of €360,000 granted by Sanofi on April 30, 2021, corresponding to the face value of the PSUs allocated. This amount is converted into a number of units (4,220 units) corresponding to the average Sanofi share price over the 20 trading days preceding the date of grant, i.e., €85.31. This allotment represented, in face value, 80% of Karl Rotthier's fixed remuneration on the date of allotment. All the PSUs are subject to the same performance conditions as the Sanofi performance shares plan authorized by the shareholders' meeting of April 30, 2021, in its 24th resolution and awarded on the same date.

These units will be converted into a cash bonus on May 1, 2024, on the basis of a valuation of the units corresponding to the value of the Sanofi shares (average Sanofi share price over the past 20 trading days), except in the event of the admission to trading of the Company's shares on the regulated market of Euronext Paris; in this case, all the units will be immediately vested and converted into cash on the basis of the average opening price of Sanofi shares over the 20 trading days preceding the date of the Company's initial listing.

**Table 2 (AMF nomenclature): Summary table of the remuneration of Karl Rotthier**

	FY 2020		FY 2021	
	Amounts due	Amounts paid	Amounts due	Amounts paid
<b>Karl Rotthier, Chairman</b>				
Fixed remuneration	Not applicable	Not applicable	€450,000	€450,000

	FY 2020		FY 2021	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Annual variable remuneration <sup>(1)</sup>	Not applicable	Not applicable	€500,000	€500,000
Multi-year variable remuneration	Not applicable	Not applicable	€0	€0
Pension <sup>(2)</sup>	Not applicable	Not applicable	€142,500	€142,500
Exceptional remuneration	Not applicable	Not applicable	€0	€0
Benefits in kind <sup>(3)</sup>	Not applicable	Not applicable	€60,000	€60,000
<b>Total</b>	Not applicable	Not applicable	<b>€1,152,500</b>	<b>€1,152,500</b>

(1) The annual variable remuneration was subject to performance conditions achieved at 122% on the basis of a €360,000 budget with a 1.14 coefficient based on the results of the Sanofi group.

(2) Karl Rotthier is eligible for an “Article 82” (French General Tax Code) supplemental collective pension plan. Under this plan, he benefitted for financial year 2021 from a contribution corresponding to 15% of the reference remuneration (monthly fixed and variable remuneration), of which 50% was paid as a gross insurance premium to an “Article 82” life insurance account and 50% in the form of a cash indemnity classified as salary.

(3) Benefits in kind corresponds to a Company’s vehicle and the provision of housing for a period of 12 months from the date of hiring of Mr. Karl Rotthier.

**Table 11 (AMF nomenclature)**

The following table provides details on the terms and conditions of remuneration and other benefits for corporate officers:

Corporate officers	Employment contract		Supplementary pension plan		Payments or benefits due or likely to be due as a result of termination or change of office		Indemnities pursuant to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Karl Rotthier,</b> <i>Chairman</i>		X	X		X		X	

## B. Compensation in respect of 2022

Following the transformation of the Company into a French public limited company (*société anonyme*), the Board of Directors on May 4, 2022 decided to set the remuneration of Mr. Karl Rotthier for his duties as the Company's Chief Executive Officer as follows:

- An annual fixed remuneration in the gross amount of €450,000;
- An annual variable remuneration in a gross amount equal to 80% of the fixed remuneration if the target objectives are achieved.

The following performance criteria are planned for financial year 2022, with the weightings indicated below (each objective may be exceeded up to a maximum of 150%):

- *Amount of revenue* (20%) ;
  - *Core EBITDA margin* expressed as a percentage of revenue (30%);
  - *Core Free Cash Flow conversion (Core FCF Conversion)* expressed as a percentage (20%);
  - *Accomplishment of the strategic roadmap*, which may include qualitative and precisely measurable criteria (20%); and
  - *ESG criteria, according to an ESG roadmap approved by the Board of Directors* and a diversity criterion for the Group's extended management team comprising the Executive Committee and key executives in key positions of the Company, for the year 2022 (10%);
- A long-term incentive plan (aligned with the one that will be set up for the Company's principal managers), the estimated value of which will be capped at 130% of the fixed remuneration of the Chief Executive Officer. This incentive will be composed of both stock options and performance shares. The stock options and the performance shares granted under these plans will be granted (i) subject to the condition of meeting performance criteria over a period of three consecutive years and (ii) subject to a continuous employment condition also over a period of three consecutive years. Thus, the stock options and the performance shares will be exercisable or vested in the Chief Executive Officer, provided that his term of office is still in effect at the end of the above-mentioned period;
  - Benefits in kind consisting of the use of a Company vehicle or a car allowance;
  - Eligibility for an "Article 82" (French General Tax Code) supplemental collective pension plan, which also benefits the other executives whose positions are classified as "Executive Level 1 or 2" in the grid in force within the Group. Under this plan, the CEO benefits from a contribution which corresponds to 15% of the reference remuneration (monthly fixed and variable remuneration), of which half is paid as a gross insurance premium to an insurer and half in the form of a cash indemnity classified as salary;
  - The benefit of the accident and health insurance system as the Group's employees in France, plans to which he is subject and to which he contributes;
  - A "co-investment" plan: the Chief Executive Officer intends to purchase from Sanofi a number of shares of the Company for an amount of €360,000 at a share price equal to the average of the daily volume-weighted average prices of the Company's shares over a period of 20 days from the time of the admission to trading of the Company's shares on the regulated market of Euronext Paris, i.e., May

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6, 2022. A grant of performance shares of the Company for a face value of up to seven times the amount invested is being considered. The performance shares will be fully vested only at the end of a three-year period, and will be subject to performance conditions in line with the objectives indicated by the Company in the Prospectus. They will be transferable only at the end of a one-year lock-up period following vesting. The Chief Executive Officer will have to hold 25% of these allocated performance shares in registered form until the end of his mandate.

The performance conditions for the performance shares and stock options comprising the long-term incentive plan will be as follows:

With respect to the performance shares, the performance criteria will be based on revenue growth, Core EBITDA margin and inventory coverage<sup>1</sup>, each counting for one third. The revenue growth criterion will be measured by reference to the Group's target for the 2021-2024 period; the Core EBITDA margin will have to reach the average of the three Core EBITDA margins objective for the 2022-2024 period and reach the objective of the Core EBITDA margin for the financial year 2024; and the inventory coverage criterion will have to reach the Group's target at the end of the last year of the 2022-2024 period. Performance shares will vest according to the rate of achievement of the criteria, at 35% if two of the three criteria are met at the target level; 70% if all three criteria are met at the target level; and 100% if two criteria are met at 110% of the Group's targets and the third criterion is met at the target level.

The stock options granted to the Chief Executive Officer shall include a performance condition linked to revenue growth, measured against the Group's target for the 2021-2024 period. The stock options will become exercisable according to the rate of achievement of the criterion, at 33% if the criterion is achieved at the target level over the period; 66% if the criterion is achieved at 110% over the period; and 100% if the internal revenue growth budget is achieved over the period.

The performance conditions of the performance shares granted under the "co-investment" plan will be as follows: internal performance conditions for 75% (growth in revenue, Core EBITDA margin and inventory coverage (as defined above), each counting for 25%) and a condition such as Total Shareholder Return (TSR) compared to a panel of companies and the CAC Mid 60 index, thus remunerating the profitability for the shareholder for 25%. With regard to internal performance conditions, the revenue growth criterion will be measured against the Group's target for the 2021-2024 period; the Core EBITDA margin will have to reach the average of the objective of the Core EBITDA margins for the 2022-2024 period and the objective of the Core EBITDA margin for financial year 2024; and the inventory coverage criterion will have to reach the Group's target at the end of the last year of the 2022-2024 period. Performance shares will vest according to the rate of achievement of the criteria, at 35% if two of the three criteria are met at target level; 70% if all three criteria are met at target level; and 100% if all three criteria are met at the internal budget level. The performance condition such as TSR will be based on two indicators (median of a panel of selected companies during the 2022-2023 period, comparison with the CAC Mid 60 index during the 2022-2024 period). The performance shares will vest according to the rate of achievement of the criteria, at 50% in case of achievement of the French index at 110% and if EUROAPI is ranked behind the median of the panel of selected companies; and 100% in case of achievement of the index at 110% and if EUROAPI is at the median of the panel of selected companies, subject to certain adjustments in the event of a change of control of the Company.

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<sup>1</sup> Inventory coverage corresponds to inventory value (as reported in the Group's consolidated financial statements) divided by the Group's consolidated revenue multiplied by 365.  
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The right to the performance shares and stock options will be lost if the Chief Executive Officer is dismissed for serious misconduct or gross negligence, or for reasons attributable to performance before the expiration of the vesting period set at three consecutive years.

In order to protect the Group's legitimate interests and development in a highly specialized sector, the Chief Executive Officer's contract, approved by decision of the sole shareholder of the Company on September 30, 2021, states that the Chief Executive Officer will be subject to a non-compete undertaking, whose geographic perimeter is in line with that of the Company's activities, for a period of 12 months in the event of resignation, or six months in the event of dismissal (which may be renewed once), from his effective departure from the Company for any reason. In this respect, the Chief Executive Officer would receive, for the duration of and subject to compliance with the non-compete undertaking, a gross monthly fixed indemnity equal to 75% of his annual fixed remuneration received over the past 12 months preceding the end of his term of office (fixed remuneration and annual target bonus).

In addition, the Chief Executive Officer is entitled to an indemnity that would be due in the event of dismissal (except in the event of gross negligence or serious misconduct) by decision of the Board of Directors, the gross amount of which would be equivalent to 12 months' remuneration calculated on the basis of the average of the previous 12 months' remuneration (including the fixed salary and the actual amount of the last known bonus). In the event of forced departure following a merger or demerger of the company, a change of control, a significant change in the company's strategy or a profound disagreement with the Board of Directors, the Chief Executive Officer's severance payment is subject to performance conditions applicable during the term of office. These performance conditions include the amount of revenue, Core EBITDA margin and Core FCF conversion, which will be subject to six criteria, over a two-year observation period (three criteria per year based on the Group's financial objectives), except for year 2023, which will only take into account the year 2022 for the observation period.

Pursuant to the recommendations of the AFEP-MEDEF Code, the Board of Directors specifically authorized (i) the conclusion of the above-mentioned non-compete agreement, including the duration of the non-compete obligation and the amount of the indemnity, taking into account the practical and effective consequences of the non-compete obligation and (ii) the dismissal indemnity due in case of termination of office or forced departure pursuant to the procedure for regulated agreements governed by the provisions of Article L. 225-38 of the French Commercial Code. The decision of the Board was made public.

In any event, the sum of the non-compete and dismissal indemnities may not exceed 24 months' remuneration, and no dismissal indemnity would be due if the beneficiary was able to exercise his or her right to retirement within 12 months from termination of office. In any case, no indemnity will be paid beyond 65 years old.

Pursuant to the provisions of the French Commercial Code, and subject to the admission to trading of the Company's shares on the regulated market of Euronext Paris before December 31, 2022, the payment in 2023 of the Chief Executive Officer's variable remuneration for the period running from the admission to trading of the Company's shares on the regulated market of Euronext Paris until December 31, 2022, as determined by the Company's Board of Directors in accordance with the principles and criteria described above, shall be submitted to the approval of the annual shareholders' meeting of the Company to be held in 2023.

**For more details on the compensation of our directors and corporate officers, refer to our Prospectus approved by the AMF dated 31 March 2022 under number 22-076, a copy of which is available on our corporate website at [www.euroapi.com](http://www.euroapi.com).**

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