



REPORT ON THE ADDITIONAL DIVIDEND IN KIND TO BE DISTRIBUTED IN THE FORM OF EUROAPI SHARES

The Board of Directors of Sanofi (“**Sanofi**” or the “**Company**”) is asking its shareholders, at the Annual General Shareholders’ Meeting to be held on May 3, 2022, to approve, in addition to the distribution of an ordinary annual dividend of €3.33 per share, the distribution of an additional dividend in kind in the form of an allocation of shares of EUROAPI (the “**Distribution in Kind**”).

The Distribution in Kind will be paid on May 10, 2022, at a ratio of one (1) EUROAPI share per twenty-three (23) Sanofi shares held, on the terms and conditions described below. The EUROAPI shares thereby distributed will represent approximately 58% of the share capital and voting rights of EUROAPI and will, prior to the distribution, be listed on the Euronext Paris regulated market (“**Euronext Paris**”).

The admission of EUROAPI shares to trading on Euronext Paris via the Distribution in Kind is part of the proposed streamlining of Sanofi, driven by the Company’s “Play to Win” strategy. The aim is to enable EUROAPI to reinforce its status as a reference partner for pharmaceutical manufacturers and biotechnology companies globally, and to gain increased independence and visibility in order to create a world leader in the manufacture of active pharmaceutical ingredients.

The purpose of this report is to inform Sanofi shareholders of the main terms and conditions, and the tax treatment, of the Distribution in Kind.

This report does not constitute (i) an offer to sell or subscribe or a solicitation of an offer to buy or subscribe for EUROAPI shares, or (ii) a solicitation of a vote in favor of the distribution described herein, in particular in any jurisdiction where such solicitation is prohibited by law

United States of America

Shares and other securities may not be offered or sold in, or transferred to, the United States of America, in the absence of registration or an exemption from registration requirements pursuant to the U.S. Securities Act of 1933, as amended. The EUROAPI shares which constitute the Distribution in Kind have not been, nor will they be, as part of the Distribution in Kind, registered in the United States of America under the U.S. Securities Act of 1933, as amended. The Distribution in Kind has not been approved or rejected by the U.S. Securities and Exchange Commission (the “SEC”) or by any other commission of a State of the United States of America, and neither these commissions nor the SEC have reviewed the accuracy or adequacy of this report. Any representation to the contrary may be considered a criminal offense in the United States of America.

Member states of the European Economic Area

This report does not constitute a prospectus or any other offering document within the meaning of Regulation (EU) 2017/1129 (as amended) and cannot be considered to contain all the information necessary for a potential investor to evaluate the appropriateness of an investment in Sanofi or

EUROAPI or that would be required to be included in a prospectus prepared in accordance with the requirements of Regulation (EU) 2017/1129 (as amended).

1. TERMS OF THE DISTRIBUTION IN KIND

The allocation by Sanofi of EUROAPI shares to shareholders of Sanofi (other than Sanofi itself, and holders of shares derived from the exercise of options after December 31, 2021) will take the form of a distribution of a dividend in kind at a ratio of one (1) EUROAPI share per twenty-three (23) Sanofi shares held.

1.1 PROJECTED TIMETABLE

March 25, 2022	Publication in the “BALO” of the Notice of Meeting for the Combined Annual General Meeting of Sanofi shareholders.
March 31, 2022	Approval of the Prospectus by the French financial markets authority (<i>Autorité des marchés financiers</i> – AMF).
April 11, 2022	Publication in the “BALO” of the Convening Notice for the Combined Annual General Meeting of Sanofi shareholders.
April 29, 2022	Publication by Euronext Paris of a notice relating to the Distribution in Kind.
April 29, 2022	Publication by Euronext Paris of a notice relating to the admission of EUROAPI shares to trading.
May 3, 2022	Combined Annual General Meeting of Sanofi shareholders.
May 5, 2022	Publication by Euronext Paris of a notice relating to the technical reference price of EUROAPI shares.
May 6, 2022	Ex-date of the Sanofi ordinary cash dividend and dividend in kind (the “ Ex-Date ”). Delivery of the EUROAPI shares allocated via the dividend in kind to the Clearing Agent Bank (as defined below). Admission of EUROAPI shares to trading on Euronext Paris.
May 9, 2022	Record date (the date on which positions are closed) for beneficiaries of the Distribution in Kind, to include orders executed up to and including May 5, 2022.
May 10, 2022	Payment of the Ordinary Dividend. Payment of the Distribution in Kind (delivery and account registration of EUROAPI shares allocated pursuant to the Distribution in Kind).

1.2 ALLOCATION OF EUROAPI SHARES TO SANOFI SHAREHOLDERS

As of the date of this report, Sanofi indirectly holds 100% of the share capital and voting rights of EUROAPI via its subsidiary Sanofi Aventis Participations, in which it holds directly and indirectly a 100% interest. Sanofi has announced that it has entered into an investment agreement with EPIC Bpifrance, acting on behalf of the French State under the French Tech Sovereignty Convention of December 11, 2020, under the terms of which Sanofi will sell to EPIC Bpifrance 11,283,226 shares, representing 12% of the share capital of EUROAPI. Given that Sanofi wishes to retain an equity interest of approximately 30% in EUROAPI, Sanofi therefore intends to distribute 58% of the share capital of EUROAPI to Sanofi shareholders.

The shares comprising the share capital of EUROAPI are the 94,026,888 ordinary shares, all ranking equally and fully paid, that will be admitted to trading on Euronext Paris on May 6, 2022.

Annual General Meeting

The Distribution in Kind will be submitted for approval at the Combined Annual General Meeting of Sanofi shareholders to be held on May 3, 2022.

Sanofi shareholders (under ordinary business) will be asked to vote on the payment of an ordinary cash dividend of €3.33 per share (a total amount of €4,070,763,885.50) (the “**Ordinary Dividend**”) and on the Distribution in Kind.

The Distribution in Kind will take place subject to approval by the same meeting (under extraordinary business) of a resolution amending Article 25 of Sanofi’s Articles of Association (Dividends) so as to admit the possibility for General Meetings of shareholders to decide that all or some of a distribution of dividend (or interim dividend, or distribution of reserves or additional paid-in capital, etc.) may be made in kind by the delivery of assets of the Company, including financial securities, with or without a cash option.

EUROAPI shares

The Distribution in Kind will comprise 54,420,337 EUROAPI shares (out of the 94,026,888 EUROAPI shares held on that date by Sanofi, i.e. approximately 58% of the share capital of EUROAPI), subject to an increase in the number of Sanofi shares carrying dividend rights as a result of early deliveries of consideration-free shares as required by regulations.

The total number of EUROAPI shares allocated to Sanofi shareholders could be adjusted upwards or downwards if the total number of shares entitled to the Distribution in Kind differs from the Board’s expectations, though without affecting the distribution ratio of one (1) EUROAPI share for every (23) Sanofi shares held¹.

Payment of the Distribution in Kind is scheduled for May 10, 2022 (the “Payment Date”), with an Ex-Date of May 6, 2022.

The amount of the Distribution in Kind will be determined by multiplying the number of EUROAPI shares distributed by the opening quoted market price of EUROAPI shares on the Ex-Date, with the amount involved to be drawn from “Retained earnings” for accounting purposes.

Fractional rights

Fractional rights will be neither negotiable nor transferable. Consequently, if the amount of the Distribution in Kind to which a Sanofi shareholder is entitled does not correspond to a whole number of EUROAPI shares (i.e. the shareholder holds fewer than 23 Sanofi shares, or fewer than a multiple of 23), that shareholder will receive (i) the next lowest whole number of EUROAPI shares plus (ii) a cash payment for the entire balance, to be computed on the basis of the price at which the EUROAPI shares corresponding to the fractional rights are sold. Consequently, shareholders owning fewer than 23 Sanofi shares as of May 9, 2022 (i.e. after taking into account orders executed during the day of May 5, 2022, for which settlement/delivery will occur on May 9, 2022) will receive a cash payment only.

For purely illustrative purposes:

- a shareholder holding 22 Sanofi shares would receive no EUROAPI shares but would receive only a cash payment, the amount of which will depend on the date on which the Clearing Agent Bank, or its custodian bank as the case may be, sells that shareholder’s fractional rights (see section 1.4 below); and
- a shareholder holding 25 Sanofi shares would receive 1 EUROAPI share and for the balance would receive a cash payment, the amount of which will depend on the date on which the Clearing Agent Bank, or its custodian bank as the case may be, sells that shareholder’s fractional rights (see section 1.4 below).

¹ Based on limited assumptions as to early vesting of consideration-free shares or early exercise of stock options by holders under the terms of the relevant plans.

1.3 BENEFICIARIES OF THE DISTRIBUTION IN KIND

All Sanofi shares in circulation as of the Ex-Date will be entitled to the allocation described in the Prospectus, except for (i) own shares held in treasury by Sanofi itself and (ii) shares derived from stock options exercised after December 31, 2021.

The beneficiaries of the Distribution in Kind (the “**Beneficiaries**”) will be those Sanofi shareholders whose shares are recorded in accounts in their name at the end of the accounting day preceding the ex-date of the Distribution in Kind, i.e. at close of business on May 5, 2022 (in other words, after taking into account orders executed during the day of May 5, 2022, even if settlement/delivery of such orders does not occur until after the ex-date of the Distribution in Kind).

Consequently, any person (other than Sanofi itself, and holders of shares derived from stock options exercised after December 31, 2021) who has acquired Sanofi shares (without having resold them) before the ex-date of the Distribution in Kind is entitled to receive the Distribution in Kind in accordance with the applicable market rules, as described in the Prospectus.

In the event of split ownership of shares, the beneficiary of the Distribution in Kind will be the bare owner (*nu-proprétaire*) unless otherwise agreed. Shareholders are advised to contact their usual financial advisor on these issues.

1.4 PRACTICAL ARRANGEMENTS FOR THE DISTRIBUTION IN KIND

Payment of the Distribution in Kind will take place commencing on the Payment Date, i.e. May 10, 2022, under the conditions set forth below.

The bank acting as clearing agent for the purposes of the Distribution in Kind (the “**Clearing Agent Bank**”) is BNP Paribas Securities Services, 9 rue du Débarcadère - 93761 Pantin Cedex, France.

In the case of Beneficiaries of the Distribution in Kind who hold Sanofi bearer shares or administered registered shares:

- the Clearing Agent Bank will credit each custodian bank, via Euroclear France (i) on the Payment Date, with the whole number of EUROAPI shares corresponding to the Beneficiary’s position in Sanofi shares duly registered with Euroclear France at close of business on the accounting day corresponding to the record date for the Beneficiaries of the Distribution in Kind, i.e. May 9, 2022, applying a ratio of one (1) EUROAPI share per twenty-three (23) Sanofi shares registered in the account held in the books of the relevant custodian bank and then (ii) with effect from the market sale by the Clearing Agent Bank of the shares corresponding to the fractional rights remaining after the allocation of EUROAPI shares between the custodian banks, with the amount of the balancing cash payment reverting to that custodian bank, within the 30 days following the Payment Date;
- following which each of the custodian banks will credit each of its clients first with (i) the whole number of EUROAPI shares corresponding to the multiples of 23 Sanofi shares registered in its books in the name of that client and then with (ii) the amount of the balancing cash payment reverting to that client, the amount of which will be drawn from the market sale made by the custodian bank in question and will be determined on the basis of the selling price of the shares corresponding to the fractional rights reverting to that client, within the 30 days following the Payment Date.

In the case of Beneficiaries of the Distribution in Kind who hold fully registered Sanofi shares:

- the Clearing Agent Bank, acting as the bank responsible for keeping the register of fully registered shareholders, will (i) with effect from the Payment Date credit the account of each Beneficiary of the Distribution in Kind holding fully registered Sanofi shares with the EUROAPI shares corresponding to the multiples of 23 Sanofi shares held in fully registered form by the Beneficiary in question and (ii) with effect from its market sale of the shares corresponding to the fractional rights, credit the account of each Beneficiary of the Distribution in Kind with the net amount of any balancing cash payment reverting to that Beneficiary, the amount of which will be determined on the basis of the selling price of the shares corresponding to the fractional rights, within the 30 days

following the Payment Date.

Regardless of the form in which they hold their Sanofi shares, the Beneficiaries of the Distribution in Kind must pay, to their authorized financial intermediary or as the case may be to Sanofi via BNP Paribas Securities Services, the social contributions (*prélèvements sociaux*) and/or the provisional flat-rate withholding tax (*prélèvement non libératoire*) or the withholding tax (*retenue à la source*) payable in respect of the Distribution in Kind. The authorized financial intermediary responsible for keeping the bearer or administered registered share accounts may as the case may be sell the number of EUROAPI shares necessary to pay the social contributions and/or the withholding tax due in respect of the Distribution in Kind. In the case of fully registered Sanofi shares, Sanofi – via BNP Paribas Securities Services, the intermediary retained to keep its fully registered share accounts – will sell the number of EUROAPI shares necessary to pay the social contributions and/or the withholding tax due in respect of the Distribution in Kind.

Any shareholders who wish to sell the EUROAPI shares received in connection with the Distribution in Kind will need to contact their usual financial advisor and/or the financial intermediary that keeps their account.

Sanofi shareholders are advised that the amount of the balancing cash payment received by each shareholder in light of their situation will not be determined on the basis of the opening quoted market price on the Ex-Date, but rather on the basis of the quoted market price at which each financial intermediary sells the shares corresponding to the fractional rights of its client Beneficiaries. Consequently, the amount of the cash payment may vary between financial intermediaries.

2. IMPACT OF THE DISTRIBUTION IN KIND ON THE CONSOLIDATED EQUITY, CONSOLIDATED NET INCOME AND NET DEBT OF SANOFI

2.1 IMPACT OF THE DISTRIBUTION IN KIND ON CONSOLIDATED EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF SANOFI

The Distribution in Kind of approximately 58% of the share capital of EUROAPI (i.e. 54,420,337 EUROAPI shares) will be offset against consolidated equity attributable to equity holders of Sanofi, at an amount corresponding to the fair value of the shares delivered.

2.2 IMPACT OF THE DISTRIBUTION IN KIND ON CONSOLIDATED NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF SANOFI

The Distribution in Kind of approximately 58% of the share capital of EUROAPI and the sale of an additional equity interest of 12% to EPIC Bpifrance will lead to Sanofi losing control over EUROAPI. As a result of losing control, Sanofi will recognize a gain or loss on deconsolidation reflecting the difference between (i) the value of EUROAPI based on the quoted market price at that date and (ii) the carrying amount of its equity.

With effect from the date of loss of control, consolidated net income attributable to the equity holders of Sanofi will reflect only the retained equity interest of approximately 30% in EUROAPI, which will be accounted for using the equity method.

2.3 IMPACT OF THE DISTRIBUTION IN KIND ON THE NET DEBT OF SANOFI

The Distribution in Kind will of itself have no material impact on the net debt of Sanofi. However, the sale of the 12% equity interest to EPIC Bpifrance for a maximum of €150 million will lead to a reduction in net debt. Finally, loss of control will have no impact on the net debt of Sanofi given that EUROAPI will have no net debt as of the date of loss of control.

3. TAX TREATMENT OF THE DISTRIBUTION IN KIND

The following explanation summarizes the French tax consequences that may apply to Sanofi shareholders as a result of the Distribution in Kind, based on the legislation in force at the present time. The rules described below may be affected by changes to laws or regulations, which could apply retroactively or to the current calendar or fiscal year.

Sanofi shareholders are advised that the tax information contained in this section is merely a summary of the tax treatment applicable under the legislation in force at the present time, and is provided for general information purposes only. Consequently, the tax information below does not constitute a comprehensive description of all tax impacts that may apply to Sanofi shareholders in connection with the Distribution in Kind.

Sanofi shareholders are therefore advised to consult their usual tax advisor on the tax consequences in light of their specific circumstances.

Persons who are not French tax residents must also refer to (i) the provisions of the applicable tax treaty concluded between their own State of residence and France; (ii) the provisions of French tax legislation; and (iii) the legislation of their State of residence and/or nationality that may apply to them, so that they may determine what tax treatment will be applicable to them.

Shareholders are advised that the sums needed to pay withholding taxes and social contributions must be made available to the paying agent prior to delivery of the shares. The paying agent may as the case may be sell the number of EUROAPI shares needed to pay currently applicable withholding taxes and social contributions. Sanofi shareholders are advised to contact their custodian bank to find out what procedures it will put in place for that purpose.

3.1 SHAREHOLDERS TAX RESIDENT IN FRANCE

3.1.1 Natural persons acting in connection with the management of their personal assets who do not hold Sanofi shares under (i) a personal savings plan (plan d'épargne actions – PEA) or (ii) an employee stock ownership plan, (iii) who have not recognized their shares as an asset in a business balance sheet and (iv) who do not enter into stock market transactions on conditions analogous to those that are characteristic of a person carrying on such transactions professionally

3.1.1.1 Provisional flat-rate withholding tax

Pursuant to Article 117 *quater* of the French General Tax Code (*Code général des impôts* – “CGI”), subject to the exceptions mentioned below, natural persons domiciled in France are subject to a provisional flat-rate withholding tax (*prélèvement non libératoire*) of 12.8% on the gross amount of their dividend income. This tax is withheld at source by the dividend paying agent, if that agent is located in France. If the paying agent is located outside France, the income is declared and the corresponding withholding tax paid within the first 15 days of the month following the month in which the dividend is paid, either by the taxpayer him/herself or by the paying agent (when that agent is located in a Member State of the European Union or in another state that is party to the European Economic Area Agreement and has entered into an administrative assistance agreement with France to combat tax evasion and tax fraud, and has received instructions to this effect from the taxpayer).

However, if the dividend paying agent is located within France, natural persons belonging to a tax household with reference taxable income for the last year but one (as defined in Article 1417-IV-1 of the CGI) of less than €50,000 (for single, divorced or widowed taxpayers) or €75,000 (for jointly taxed couples) may claim exemption from provisional flat-rate withholding tax subject to the conditions specified in Article 242 *quater* of the CGI, i.e. by providing to the paying agent no later than November 30 of the year preceding the year in which the dividend income is paid a sworn statement (*attestation sur l'honneur*) that the reference taxable income shown on the income tax notice issued in respect of the last year but one before the year of payment of the dividend income is below the aforementioned thresholds. However, taxpayers who acquire shares after the deadline for filing the aforementioned claim for exemption may, subject to certain exceptions, file the claim for exemption with their paying agent

when they acquire the shares, pursuant to paragraph 320 of administrative guideline BOI-RPPM-RCM-30-20-10-20210706.

If the dividend paying agent is located outside France, only natural persons belonging to a tax household with reference taxable income for the last year but one (as defined in Article 1417-IV-1 of the CGI) equal to or greater than the amounts mentioned in the previous paragraph are liable to the 12.8% provisional flat-rate withholding tax.

This provisional flat-rate withholding tax does not discharge the taxpayer from liability to income tax, or to any exceptional contribution on high incomes. However, it may be offset against income payable in respect of the year in which it was paid, and any surplus may be reclaimed. Unless the taxpayer elects not to be subject to the 12.8% flat-rate income tax applicable to income from securities (with the exception of certain exempt categories of income) and to capital gains so that their income can be included in computing their overall net income taxable at progressive tax rates, the 12.8% provisional flat-rate withholding tax rate will correspond to the flat-rate income tax applicable to natural persons. Elections for progressive-rate income tax apply on an annual basis to all income from securities and capital gains that are subject to the aforementioned 12.8% flat-rate tax and earned within the same year.

In the event that dividends are paid outside France in a non-cooperative jurisdiction (NCJ) within the meaning of Article 238-0 A of the CGI (except for those which are included on that list for a criterion other than offshore tax arrangements and which are mentioned in Article 238-0-A-2 *bis*-2 of the CGI), withholding tax is applicable at a rate of 75% regardless of the shareholder's status or place of residence. Notwithstanding the foregoing, the 75% withholding tax rate does not apply if the debtor can provide proof that distributions made in such jurisdiction have neither the purpose nor the effect of enabling them to be located in an NCJ with the aim of committing tax fraud. The list of NCJs is published by ministerial order; it may be updated at any time, and in principle is updated at least once a year. If a jurisdiction is added to the list, those CGI provisions that refer to Article 238-0 A of the CGI apply to that jurisdiction with effect from the first day of the third month following publication of the order. Law no. 2018-898 on combatting tax fraud, published in the *Journal Officiel* on October 24, 2018, (i) withdrew the specific exclusion of European Union Member States and (ii) extended the list to jurisdictions included in the "blacklist" published by the Council of the European Union.

3.1.1.2 Social contributions

Regardless of whether (i) the 12.8% provisional flat-rate withholding tax described above is applicable and (ii) the taxpayer has opted out of the 12.8% flat-rate tax, the gross amount of any dividends distributed by Sanofi will also be subject in full to social contribution levies at an overall rate of 17.2%, broken down as follows:

- general social contribution (*contribution sociale généralisée* – "CSG"), at a rate of 9.2%;
- social debt repayment contribution (*contribution pour le remboursement de la dette sociale*), at a rate of 0.5%; and
- solidarity levy (*prélèvement de solidarité*), at a rate of 7.5%.

If the dividends are subject to income tax at the flat rate of 12.8%, these social contributions are not deductible from taxable income. If taxpayers elect for their dividends to be liable to progressive-rate income tax, CSG will be partially deductible (6.8%) from total taxable income for the year in which it is paid; the remaining social contributions are not deductible from taxable income.

These social contributions are levied in the same way as the 12.8% provisional flat-rate withholding tax described above, where that tax is applicable. Shareholders are advised to consult their usual tax advisor to determine the arrangements for paying social contributions in cases where the 12.8% provisional flat-rate withholding tax does not apply.

3.1.1.3 Exceptional contribution on high incomes

Under Article 223 *sexies* of the CGI, taxpayers subject to personal income tax may be liable to a contribution based on the amount of the tax household's reference taxable income, as defined in Article

1417-IV-1 of the CGI, without any application of the quotient rules defined in Article 163-0 A of the CGI. The relevant reference income includes dividends and other distributed income received by the taxpayers in question. The contribution is calculated by applying the following rates:

- 3% of the portion of reference taxable income (i) above €250,000 but less than or equal to €500,000 for single, widowed, separated or divorced taxpayers, and (ii) above €500,000 but less than or equal to €1,000,000 for couples taxed jointly; and
- 4% of the portion of reference taxable income (i) above €500,000 for single, widowed, separated or divorced taxpayers, and (ii) above €1,000,000 for couples taxed jointly.

3.1.2 Natural persons acting in connection with the management of their personal assets (i) who hold Sanofi shares under a personal savings plan (plan d'épargne actions – "PEA"), (ii) who have not recognized their shares as an asset in a business balance sheet and (iii) who do not enter into stock market transactions on conditions analogous to those that are characteristic of a person carrying on such transactions professionally

Subject to certain conditions, a PEA gives the following entitlements:

- during the lifetime of the PEA, to exemption from income tax and social contributions for the income and capital gains derived from investments made within the PEA, on condition that such income and gains are retained within the PEA; and
- on either (i) the closure of the PEA, provided this happens more than five years after the opening date of the PEA or (ii) a partial drawdown, provided this happens more than five years after the opening date of the PEA, to exemption from income tax for the net realized gain generated by the investments made within the PEA, with the caveat that this net gain remains subject to social contributions at an overall rate that may vary according to the date on which the gain vested or was realized.

Shareholders are advised that dividends received within a PEA are only exempt from income tax up to a certain threshold. Shareholders who hold their shares within a PEA are therefore advised to consult their usual tax advisor on the tax consequences in light of their specific circumstances.

3.1.3 Legal entities subject to corporate income tax under standard rules

Subject to application of the provisions of Articles 145 and 216 of the CGI relating to the parent-subsidiary regime, dividends are in principle included in profits liable to corporate income tax at the standard rate of 25%, uplifted as the case may be by a social contribution equal to 3.3% of the amount of corporate income tax minus an allowance of €763,000 per twelve-month period.

Some shareholders may be entitled to (i) a reduced corporate income tax rate of 15% up to a limit of €38,120 of taxable profits per twelve-month period and (ii) exemption from the aforementioned 3.3% social contribution, subject to meeting certain conditions set forth in Article 235 *ter* ZC of the CGI. Shareholders are advised to consult their usual tax advisor on the tax consequences in light of their specific circumstances.

3.1.4 Other shareholders

Sanofi shareholders subject to a tax regime other than those described above, in particular taxpayers whose securities transactions go beyond simple portfolio management or who have recognized their shares as assets on their business balance sheet, should consult their usual tax advisor to determine what tax regime applies in their specific circumstances.

3.2 SHAREHOLDERS TAX RESIDENT OUTSIDE FRANCE

Under French tax legislation as it currently stands and subject to any application of international tax treaties, the following discussion summarizes certain French tax consequences relating to withholding taxes on income from shares that may apply to shareholders (i) who are not domiciled in France within the meaning of Article 4B of the CGI or whose registered office is located outside France and (ii) whose share ownership cannot be traced back to a fixed base or permanent establishment subject to taxation in France. Such shareholders are advised to consult their usual tax advisor on the tax treatment applicable in light of their specific circumstances.

Dividends distributed by Sanofi are in principle subject to a withholding tax, deducted by the paying agent, when the tax domicile or registered office of the beneficiary is located outside France.

Subject to the explanations provided hereinafter, the rate of withholding tax is set at (i) 12.8% when the beneficiary is a natural person; (ii) 15% when the beneficiary is an organization which has its registered office in a European Union Member State (or in another state that is party to the European Economic Area Agreement and that has entered into an administrative assistance agreement with France for the purpose of combating tax fraud and tax evasion) and which, if its registered office had been located in France, who would have been taxed under the special regime set forth in Article 206.5 of the CGI (which covers organizations generically designated as “non-profit organizations”, as discussed from paragraph 580 *et seq* of administrative guideline BOI-IS-CHAMP-10-50-10-40-20130325 and as interpreted by applicable case law); and (iii) 25% in other cases.

However, regardless of the location of the beneficiary’s tax domicile, place of residence or registered office, and subject to the provisions of international tax treaties, if dividends distributed by Sanofi are paid outside France in an NCJ (except for those which are included on that list for a criterion other than offshore tax arrangements and which are mentioned in Article 238-0-A-2 *bis*-2 of the CGI), then those dividends are subject to withholding tax at a rate of 75% unless Sanofi can provide proof that the dividend distributions made in such jurisdiction have neither the purpose nor effect of enabling them to be located in an NCJ with the aim of committing tax fraud, in accordance with Articles 119 bis and 187 of the CGI. The list of NCJs is published by ministerial order; it may be updated at any time, and in principle is updated at least once a year. If a jurisdiction is added to the list, those CGI provisions that refer to Article 238-0 A of the CGI apply to that jurisdiction with effect from the first day of the third month following publication of the order. Law no. 2018-898 on combatting tax fraud, published in the *Journal Officiel* on October 24, 2018, (i) withdrew the specific exclusion of European Union Member States and (ii) extended the list to jurisdictions included in the “blacklist” published by the Council of the European Union.

The withholding tax may be reduced or even eliminated, in particular pursuant to:

- Article 119 *ter* of the CGI, applicable under certain conditions to effective beneficiaries of dividends that are legal entity shareholders:
 - o which have their effective corporate headquarters in a European Union Member State (or in another state that is party to the European Economic Area Agreement and that has entered into a double taxation elimination treaty with France that contains an administrative assistance clause for the purpose of combating tax fraud and tax evasion) and that are not regarded, under the terms of a tax treaty entered into with a third country, as being tax resident outside the European Union or the European Economic Area;
 - o which are constituted in one of the forms listed in Part A of Annex I to Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, or in an equivalent form if the company has its effective corporate headquarters in a state that is party to the European Economic Area Agreement;
 - o which have held at least 10% of the share capital of the French company making the distribution for two years and that meet all the other conditions referred to in that Article and as discussed in administrative guideline BOI-RPPM-RCM-30-30-20-10-20190703, with the caveat that (i) the percentage interest held is reduced to 5% of the share capital of the French company making the distribution if the legal entity that is the effective beneficiary of

the dividends holds an equity interest that meets the conditions set forth in Article 145 of the CGI and finds it impossible to offset the withholding tax in its country of residence (BOI-RPPM-RCM-30-30-20-40-20160607) and (ii) the percentage interest held is determined taking into account shares held in full ownership or bare ownership; and

- which are liable, in the European Union Member State (or a state that is party to the European Economic Area Agreement) where they have their effective corporate headquarters, to corporate income taxes with no possibility for election or exemption;

with the caveat that Article 119 *ter* of the CGI does not apply to dividends distributed in connection with an arrangement or series of arrangements which, having been put in place to obtain as their primary objective (or as one of their primary objectives) a tax advantage contrary to the purposes and aims of Article 119 *ter* of the CGI, are not genuine in light of all relevant facts and circumstances; or

- Article 119 *quinquies* of the CGI, applicable to shareholders that are legal entities located in a European Union Member State (or in another jurisdiction that has entered into an administrative assistance agreement with France for the purpose of combatting tax fraud and tax evasion), and that (i) are subject to a judicial liquidation procedure comparable to that mentioned in Article L. 640-1 of the French Commercial Code (or, if no such procedure exists, are technically insolvent and in a situation where corporate recovery is manifestly impossible) and (ii) meet the other conditions set forth in Article 119 *quinquies* of the CGI as discussed in administrative guideline BOI-RPPM-RCM-30-30-20-80-20160406; or
- as the case maybe, applicable international tax treaties.

In addition, dividend income is exempt from withholding tax where it is distributed to collective investment undertakings constituted on the basis of foreign law which are (i) located in a European Union Member State (or in another state that is party to the European Economic Area Agreement and that has entered into a double taxation elimination treaty with France that contains an administrative assistance clause for the purpose of combatting tax fraud and tax evasion meeting the conditions set forth in Article 119 *bis* 2 of the CGI); (ii) raise funds from a certain number of investors in order to invest those funds in line with a defined investment strategy for the benefit of the investors; and (iii) present characteristics similar to those of French-law collective investment undertakings that meet the conditions set forth in Article 119 *bis* 2 of the CGI and in administrative guidance BOI-RPPM-RCM-30-30-20-70-20200812.

Shareholders are advised to consult their usual financial advisor to determine whether, and on what basis, they may be entitled to any of those exemptions or to a reduction in their withholding tax.

It is the responsibility of the Sanofi shareholders concerned to consult their usual tax advisor to determine whether they are likely to be subject to the legislation relating to non-cooperative states or territories and/or entitled to a reduction in or exemption from withholding tax, and to find out how those treaties are applied in practice (in particular the arrangements set forth in administrative guideline BOI-INT-DG-20-20-20-20-20120912 relating to the “standard” or “simplified” procedure for reductions in or exemptions from withholding tax.

Persons who are not tax resident in France must also comply with the tax legislation in force within their country of residence, as amended where applicable by any international tax treaty between France and that country.

Article 119 *bis* A of the CGI requires the paying agent to apply a withholding tax of up to 25% in the case of temporary sales of securities or similar transactions around dividend payments that enable non-resident shareholders of French companies to avoid the withholding tax that would normally be applicable. In such cases, the withholding tax is applied without the beneficiary being able to elect the “simplified” treatment with a view to benefiting from more favorable provisions under any tax treaty that may be applicable. However, the legislation does include a safety mechanism which subject to certain conditions allows full or partial reimbursement of the withholding tax deducted at source to be obtained if the beneficiary can provide proof that the payment was a transaction whose primary purpose and effect was other than avoiding the application of withholding tax or obtaining a tax advantage.

Shareholders who might be affected are advised to consult their usual tax advisor in order to determine the consequences of this measure in light of their specific circumstances.

4. PROTECTION OF HOLDERS OF STOCK OPTIONS AND CONSIDERATION-FREE SHARES

Because the additional dividend is drawn from distributable profits, it does not give rise to any adjustment to the rights of holders of stock options or grantees of consideration-free performance shares, in accordance with Article L. 228-99 of the French Commercial Code and the plan rules.

5. INFORMATION ABOUT EUROAPI

The French financial markets authority (*Autorité des marchés financiers* – “**AMF**”) approved the listing prospectus (the “**Prospectus**”) prepared by EUROAPI as number 22-076 on March 31, 2022; the Prospectus is available on the websites of the AMF, Sanofi and EUROAPI.

For more information about EUROAPI’s operations and results, Sanofi shareholders are advised to refer to Chapter 3 of the Prospectus. The principal risk factors relating to the Distribution in Kind, as presented in Chapter 22.2 of the Prospectus, should be carefully considered:

- the price of EUROAPI shares may be subject to significant volatility, especially in the event of a material movement in the share price subsequent to the admission of EUROAPI shares to trading on Euronext Paris relative to the technical reference price to be published by Euronext Paris prior to the initial listing of EUROAPI shares in order to set the reservation thresholds for the opening of the first trading session and for the calculation of the performance of EUROAPI shares on that day;
- a liquid market in EUROAPI shares may not develop, or be sustained over time; and
- the sale of a substantial number of EUROAPI shares following the allocation of those shares via the Distribution in Kind, or the possibility of such a sale, could have a material adverse impact on the market price of EUROAPI shares.

The attention of Sanofi shareholders is drawn to the fact that the list of risks presented above is not exhaustive and that other risks that are not known or whose realization at the date of this report is not considered likely to have an adverse effect on the Distribution in Kind may exist.