



**edap tms**  
Bringing New Horizons to Therapy

## **Differences between Nasdaq Corporate Governance Requirements and French Home Country Practices**

EDAP is incorporated under the laws of France, with securities listed on the Nasdaq Global Market in the United States. As a foreign private issuer listed on Nasdaq, under the Nasdaq corporate governance requirements, we may follow French law corporate governance practices in lieu of following certain Nasdaq corporate governance rules. We summarize below the main practices we follow in lieu of Nasdaq corporate governance rules.

We are exempt from Nasdaq's quorum requirements applicable to meetings of shareholders. In keeping with French law and generally accepted business practices in France, the presence in person or by proxy of shareholders having not less than 20% (in the case of an ordinary general meeting or an extraordinary general meeting deciding upon any capital increase by capitalization of reserves) or 25% (in the case of an extraordinary general meeting) of the shares is necessary for a quorum. If a quorum is not present at any meeting, the meeting is adjourned. Upon recommencement of an adjourned meeting, there is no quorum requirement in the case of an ordinary general meeting or an extraordinary general meeting deciding upon any capital increase by capitalization of reserves. The presence in person or by proxy of shareholders having not less than 20% of the shares is necessary for a quorum in the case of any other type of extraordinary general meeting.

Under French law, the committees of our Board of Directors are advisory only, and where the Nasdaq requirements would vest certain decision-making powers with specific committees by delegation (e.g., nominating, compensation or audit committees), our Board of Directors is, pursuant to French law, the only competent body to take such decisions, albeit taking into account the recommendation of the relevant committees. Additionally, under French corporate law, it is the shareholder meeting of the Company that is competent to appoint our auditors upon the proposal of our Board of Directors.

Our Compensation Committee is composed of four members who meet the definition of independence contained in Nasdaq Listing Rule 5602(a) and is governed by a charter which sets forth its composition and defines its scope of authority. However, in accordance with French law, the Compensation Committee is not vested with the same scope of authority and responsibilities as set out in Nasdaq's Listing Rules.

On August 26, 2020, the Board of Directors approved the creation of a Strategic Committee to address strategic issues and governed by a charter which sets forth its composition and defines its scope of authority.

Finally, Nasdaq rules require shareholder approval when a plan or other equity compensation arrangement is established or materially amended. While the Company may, from time to time, obtain shareholder approval of an equity compensation arrangement in order to obtain advantageous tax treatment or otherwise, as a general matter, we intend to follow our French home country practice, which does not require shareholder approval of such plans or arrangements, rather than complying with this Nasdaq rule.

We will include in our Annual Report on Form 20-F a summary of the ways that our French home country practices differ from those set forth in the Nasdaq Listing Rules.

**EDAP TMS S.A.**

**Société anonyme au capital de 4.373.013,32 euros**

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