euroAPI

Active Solutions for Health

2023 Universal Registration Document

Including the Annual Financial Report

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Including the Annual Financial Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document has been filed on April 05, 2024 with the French Financial Markets Authority (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This Document is a reproduction of the official version of the Universal Registration Document including the Annual Financial Report prepared in accordance with the European Single Electronic Format (ESEF) and available on the websites of the Company and the AMF.

History

With more than 150 years of experience in the API market, the Group is composed of six manufacturing sites and development centers equipped with state-of-the-art technology, all located in Europe (Vertolaye and Saint-Aubin-lès-Elbeuf in France, Frankfurt in Germany, Budapest in Hungary, Brindisi in Italy and Haverhill in the United Kingdom). Thanks to a customer-oriented structure, these European sites oversee the commercialization and marketing of EUROAPI's products around the world. The Frankfurt site is the largest production site for APIs in Europe. As at December 31, 2023, the Group employed around 3,650 people.

Key dates for the Group

2023	Acquisition of the German company BianoGMP to strengthen the CDMO expertise in the high-growth oligonucleotide market.
2022	EUROAPI's listing on the regulated market of Euronext Paris and announcement by Sanofi of the decision to distribute a supplementary dividend in kind taking the form of a distribution of shares of the Company.
2021	Completion of the process to carve out a portion of the development, manufacture, marketing and distribution of APIs of the Sanofi group and the regrouping of these operations within the Company and/or its subsidiaries. Announcement of the appointment of Karl Rotthier to the position of future Chief Executive Officer of the Company (in January) and of Viviane Monges as future Chair of the Board of Directors (in July).
2020	Sanofi's announcement of the project to create a European leader dedicated to the production of APIs and their sale to third parties.
2011	Acquisition of Genzyme by the Sanofi group, resulting in the addition of the Haverhill site.
2006	Installation of the oligonucleotide synthesis unit at the Frankfurt site.
2004	Acquisition by the Sanofi Group of Aventis, the result of a merger between Hoechst and the Rhône-Poulenc Rorer group, resulting in the addition of the Vertolaye, Frankfurt and Brindisi sites.
1999	Merger of Sanofi and Synthélabo. Launch of the peptide synthesis operations at the Frankfurt site.
1993	Sanofi's acquisition of control of Chinoin, which owned the site located in Bupapest, Hungary.
1982	Creation of the Haverhill site in the United Kingdom.
1976	Start of peptide production by the Hoechst group site in Frankfurt, Germany.
1973	Start of the recombination of companies within the Sanofi group.
1966	Creation of the Aminova site in Brindisi, Italy, which was subsequently acquired by Gruppo Lepetit (1970), DOW Chemical (1973), Marion Merrel (1990) and finally by the Hoechst group (1995-1997).
1959	Registration of Francopia, which first began operating in 1932.
1946	Creation of the site in Saint-Aubin-lès-Elbeuf, France.
1939	Creation of the site in Vertolaye, France.
1910	Creation of the Chinoin site in Budapest, Hungary.
1863	Creation of the Hoechst site in Frankfurt, Germany.

2023 key figures

~200

APIs in portfolio

Sales and support functions covering

80+

countries

20+

years of client collaboration and loyalty with most of our 500+ clients

~415

scientists delivering expertise and scientific excellence

~3,650
employees

6
manufacturing sites

15
years of seniority
on average

100%
of sites are certified
ISO 14001 and 50001

Activities

API solutions

We provide a large range of products addressing multiple therapeutic areas: originator and generic products through our dedicated core platforms…

- Prostaglandins
- Controlled substances
- Anti-infectives
- Corticoids & Hormones
- Vitamin B12
- Other small and complex molecules

CDMO core platforms

…and innovative medicines through our CDMO activities.

- Oligonucleotides and peptides
- Small and complex molecule synthesis
- Steroids & Hormones
- Particle Engineering
- Controlled substances
- Drug delivery solutions
- Prostaglandins

CDMO Services

- Custom development
- APIs for clinical development
- Commercial Supply

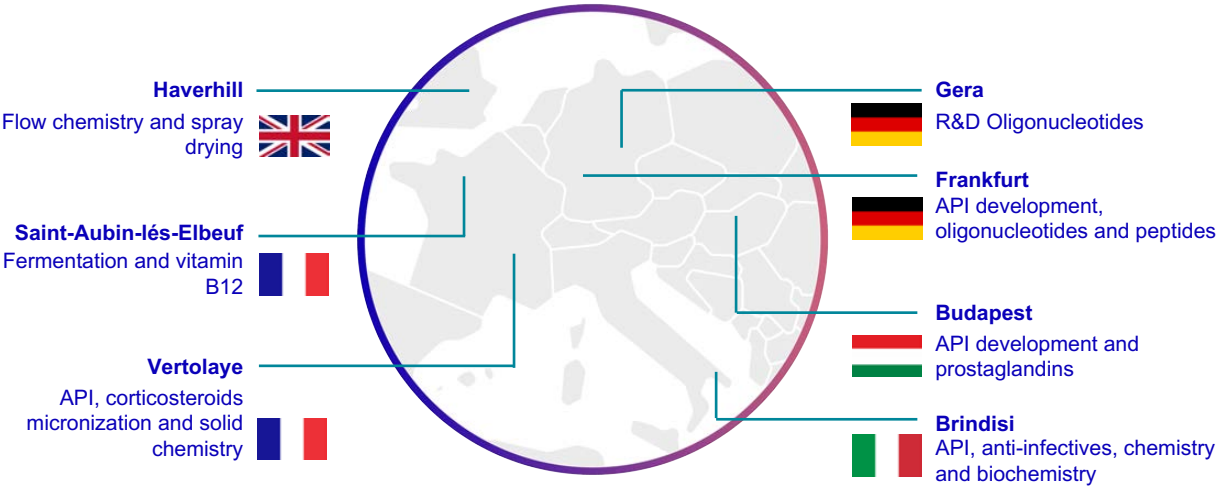
Geographic coverage

EUROAPI is the largest small molecule company in the industry, with a worldwide presence

Our commercial network covers more than 80 countries.

Industrial footprint

EUROAPI is a global company with a unique European industrial footprint, including six manufacturing sites offering scalability and a wide range of innovative technologies.



- EUROAPI sites are 2.5 times bigger than Western peers'
- The Frankfurt site is the biggest European site with ~865 m^3 of reactors (fine chemistry reactors)
- All sites are above critical size with optimized infrastructures
- CDMO activities are integrated at all sites with capabilities from early development to commercial stages
- All technology required to deliver near-term strategy already within EUROAPI

Our vision

Reinventing active-ingredient solutions to sustainably meet customers' and patients' needs around the world

Our mission

Every day, we are hard at work developing, manufacturing and supplying active-ingredient solutions for our healthcare partners around the world.

Drawing on a combination of scientific excellence, industrial expertise and wide-ranging technologies, we deliver solutions that meet the highest quality, social and environmental standards – all while ensuring stakeholder satisfaction.

Our aim is to become Europe's leading API company by reliably delivering high-quality APIs.

EUROAPI is a global leader in small molecule APIs.

As a leader in innovation and R&D, we are able to accelerate development in more complex-molecule segments through our contract development and manufacturing organization (CDMO) activities.

With approximately 200 APIs, EUROAPI has one of the largest portfolios in the industry, providing solutions for a wide variety of patients and covering more than 80 countries.

Our manifesto

EUROAPI, active solutions for health

In this day and age, acting for health is what inspires us every day.

Acting for health is the cornerstone and a vital part of everyone's future.

Acting every day because the future of humanity also depends on those who move forward and commit to having the most sustainable and positive impact on society.

Acting so that we are always one step ahead in the race for innovation and leading the way in developing active pharmaceutical ingredients across Europe and beyond, with the highest quality standards.

Acting hand in hand with our partners to improve their businesses and products, placing active solutions at the heart of their success.

Together, we act to open the field of possibilities for better health, to contribute to people's well-being everywhere around the world.

Our culture and values

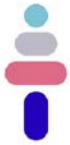
Our independence was an opportunity to breathe new life into the company, with values that are engaging, impactful and reflect our positioning as an industry leader-meets-startup.

This led us to identify four core values for our business and the culture we want to promote: Taking ownership, Achieving together, Driven by our clients, and Caring for all.

Taking ownership

Achieving together

Driven by our clients



Caring for all

At EUROAPI, we want our new culture to inspire every action in our professional lives. We strongly believe that:

- our values and associated behaviors are relevant to each of us;
- how we do things is as important as what we do;
- our culture will enable career development and talent management.

Let's bring our culture to life in the way we work every day

TAKING OWNERSHIP

We are accountable for what we do, always acting with the Company's interest in mind. Adaptable and resilient in the face of change, we promote excellence in execution. We focus relentlessly on our goals – and chart the smartest route to reach them.

DRIVEN BY OUR CLIENTS

We create value by putting our clients at the center of everything we do. We meet their needs for quality solutions by striving for best-in-class performance.
And we drive innovation to address their future expectations.

ACHIEVING TOGETHER

We empower our people for greater positive impact. All employees are encouraged to communicate openly and directly. We build trust by sharing achievements and challenges in a transparent way, and listening to other people's perspectives. We expect employees at every level to reach for greatness.

CARING FOR ALL

We value and respect our stakeholders: our own people, our clients and patients, our partners and the environment. Never compromising on integrity and ethics, we promote a safe, inclusive environment and nurture talent. We build resilient supply chains to ensure a steady supply of quality products. And we seek new ideas to improve our environmental footprint.

Governance

EUROAPI is a French joint-stock corporation. Our shares are listed for trading on the regulated market of Euronext Paris. EUROAPI has chosen the AFEP-MEDEF Corporate Governance Code of Listed Companies as its reference code.

EUROAPI has a dual governance structure with separation between the roles of Chair of the Board and Chief Executive Officer. This ensures an appropriate balance of power and is in line with market best governance practices.

Board of Directors

The main mission of the Board of Directors is to set the strategic direction of EUROAPI and oversee its implementation. It comprises 12 members, who bring a diverse and complementary range of skills and experience:

- 6 nationalities represented;
- 60% independent members;
- 50% women;
- 2 employee representatives.

Specialized committees

EUROAPI's Board of Directors has set up specialized committees responsible for assisting the Board in its oversight and initiatives. The members of these committees are appointed by the Board of Directors from among the directors, based on their experience and on independence criteria.

The three committees are:

- the Audit Committee;
- the Nominations and Compensation Committee;
- the Environment, Social and Governance (ESG) Committee.

Executive Committee

Led by the Chief Executive Officer, the Executive Committee provides leadership and oversees the day-to-day operational management of the Company.

The Executive Committee oversees and leads the Group's various activities in accordance with the strategic initiatives defined by the Board of Directors. Its members lead the corporate functions.

Business ethics and compliance

At EUROAPI, ethics and compliance are essential to ensuring that our objectives are met while respecting our Code of Ethics and all applicable laws and regulations.

One of EUROAPI's priorities is to put ethics and integrity at the heart of the decisions we make. Our Code of Ethics sets the ground rules for acting in compliance with our values and principles, helping us to make the right choices as we work to deliver reliable and sustainable growth.

Viviane Monges

Chair of the Board of Directors

Elizabeth Bastoni

Independent Lead Director

Emmanuel Blin

Independent Director

Cécile Dussart

Independent Director

Claire Giraut

Independent Director

Olivier Klaric

Director representing Sanofi Aventis Participations

Géraldine Leveau

Director appointed on a proposal from the French State

Guillaume Mortelier

Director representing Bpifrance Investissement

Marie-Isabelle Penet

Director representing employees

Mattias Perjos

Independent Director

Kevin Rodier

Director representing employees

Rodolfo J. Savitzky

Independent Director

Euroapi - Budapest (Hungary)

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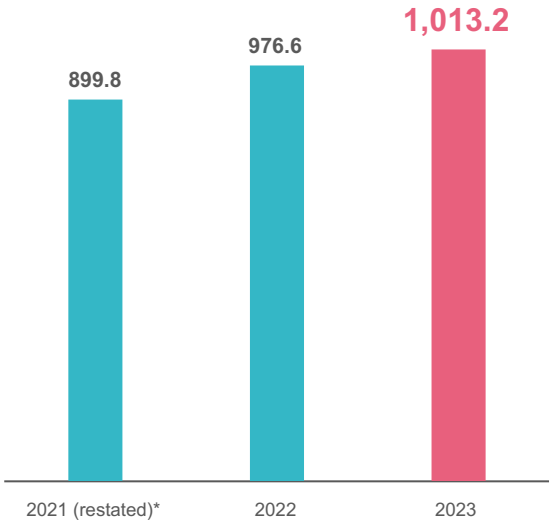
PRESENTATION OF THE GROUP AND BUSINESS OVERVIEW

1.1 KEY FIGURES

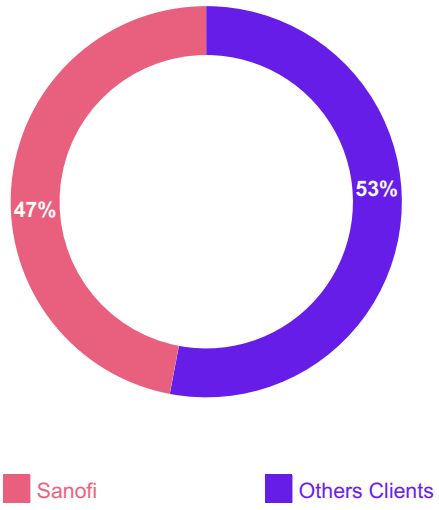
1.1.1 Key financial figures

Net Sales

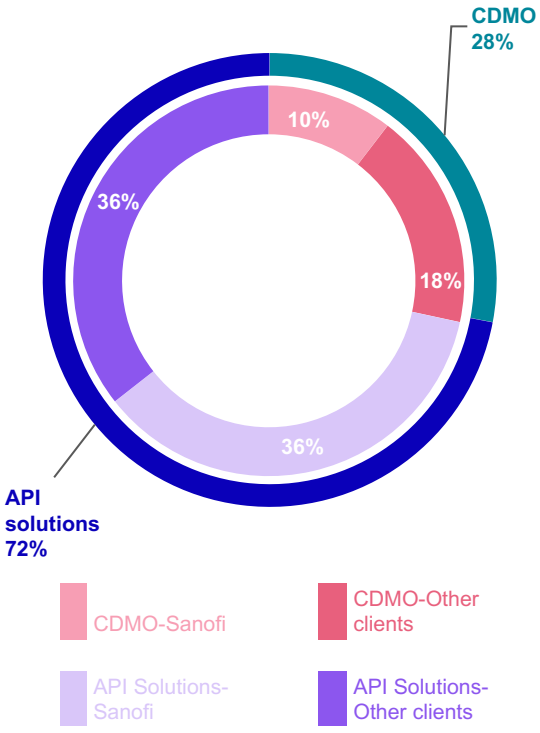
In million euros



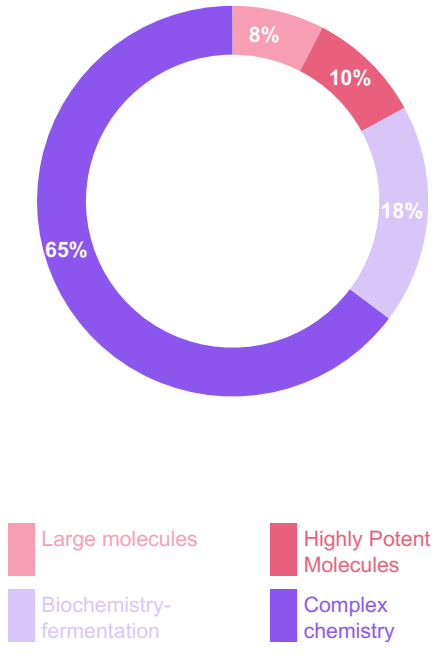
2023 Net sales by clients



2023 Net sales by activities



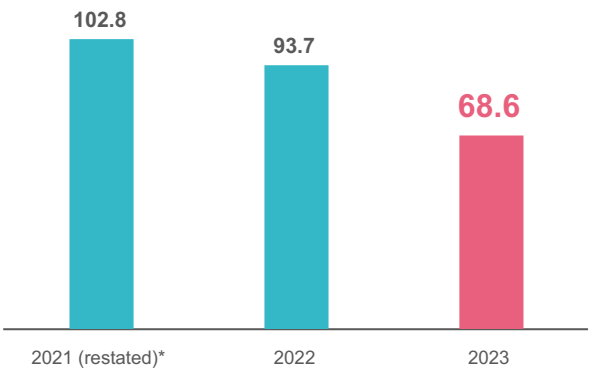
2023 Net sales by types of molecule



* *Amended to reflect the finalization of analyses relating to the Prior Reorganization Transactions carried out during 2021.*

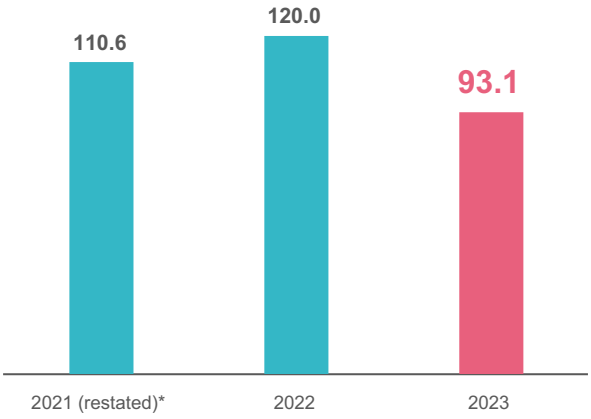
EBITDA

In million euros

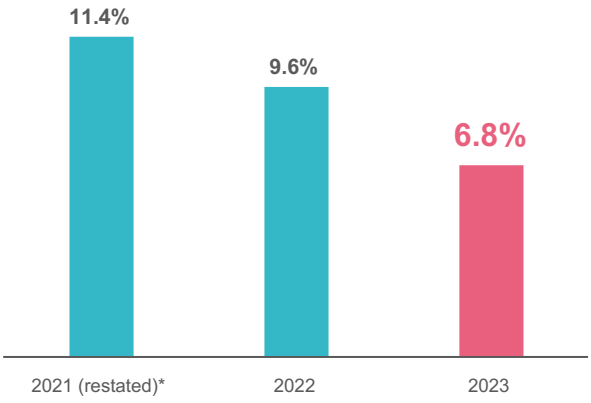


Core EBITDA

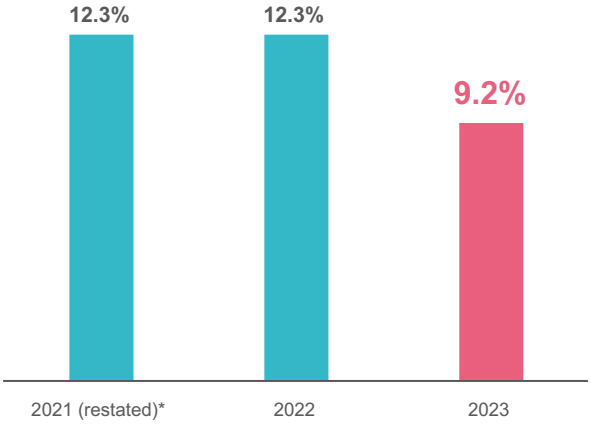
In million euros



EBITDA margin

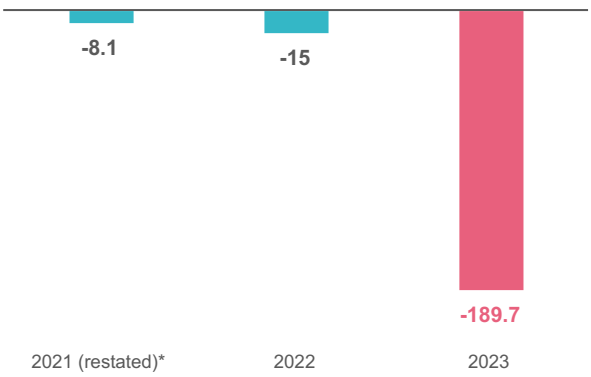


Core EBITDA margin



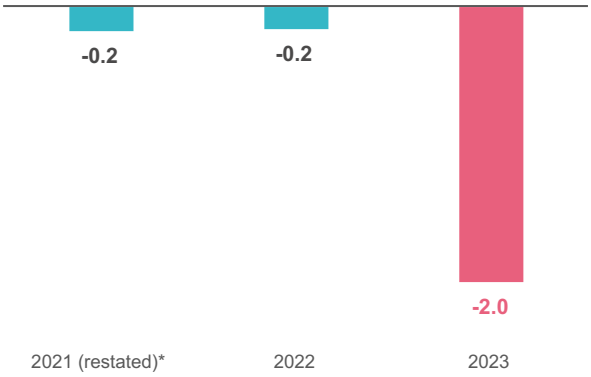
Net income

In million euros



Basic EPS

In euros



* *Amended to reflect the finalization of analyses relating to the Prior Reorganization Transactions carried out during 2021*

Net sales by flow and type

(in € millions)	December 31, 2023	December 31, 2022	Change
API Solutions - Other clients	360.3	336.5	7.1 %
API Solutions - Sanofi	367.2	372.6	(1.5)%
API Solutions	**727.5**	**709.1**	**2.6 %**
CDMO - Other clients	180.5	168.4	7.2 %
CDMO - Sanofi	105.3	99.0	6.3 %
CDMO	**285.8**	**267.5**	**6.8 %**
Total net sales	**1013.2**	**976.6**	**3.8 %**
Total net sales - Other clients	**540.7**	**504.9**	**7.1 %**
Total net sales - Sanofi	**472.5**	**471.6**	**0.2 %**

Net sales by product category

(in € millions)	December 31, 2023	December 31, 2022	Change
Large molecules	76.5	98.4	(22.3)%
Highly potent molecules	96.4	82.2	17.2 %
Biochemistry molecules derived from fermentation	184.1	148.3	24.2 %
Complex chemical synthesis molecules	656.2	647.7	1.3 %
Total net sales	**1013.2**	**976.6**	**3.7 %**

Key figures

(in € millions)	FY-2023	FY-2022
Net Sales	**1,013.2**	**976.6**
Year-on-Year change in %	*+3.8%*	*+8.5%*
Gross profit	**164.6**	**176.9**
Gross Profit Margin in %	*16.2 %*	*18.1 %*
EBITDA	**68.6**	**93.7**
Core EBITDA	**93.1**	**120.0**
Core EBITDA Margin in %	*9.2 %*	*12.3 %*
Net Income	**(189.7)**	**(15.0)**
Basic EPS *(in euros)*	**(2.02)**	**(0.16)**

Balance sheet

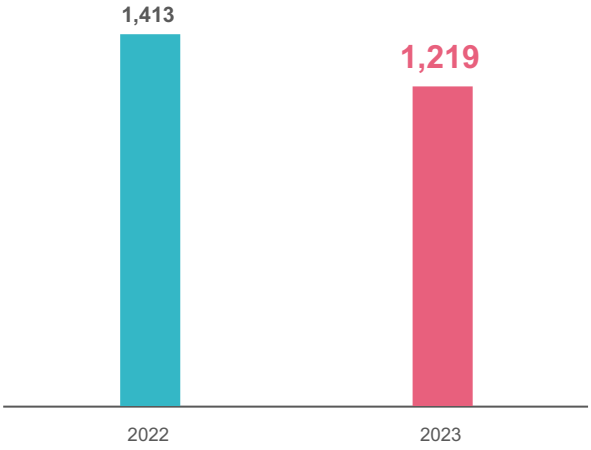
(in € millions)	December 31, 2023	December 31, 2022
Assets		
Non-current assets	633.1	712.5
Current assets	979.3	1,023.6
Total assets	**1,612.4**	**1,736.1**
Liabilities		
Total equity	**927.7**	**1,110.2**
Non-current liabilities	175.8	169.4
Current liabilities	508.9	456.5
Total equity and liabilities	**1,612.4**	**1,736.1**

Group cash flow

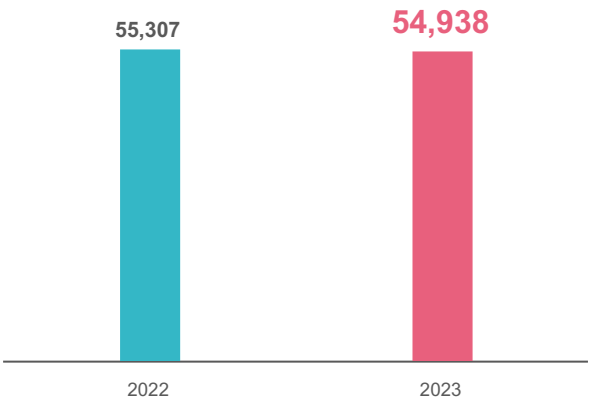
(in € millions)	December 31, 2023	December 31, 2022
Net cash provided by/(used in) operating activities	**5.1**	**44.8**
Net cash provided by/(used in) investing activities	**(137.3)**	**(167.4)**
Net cash provided by/(used in) financing activities	**92.2**	**187.8**
Impact of exchange rates on cash and cash equivalents	0.0	(1.0)
Net change in cash and cash equivalents	**(40.0)**	**64.2**
Cash and cash equivalents, at beginning of period	**74.5**	**10.3**
Cash and cash equivalents, at end of period	**34.5**	**74.5**

1.1.2 Key non-financial figures

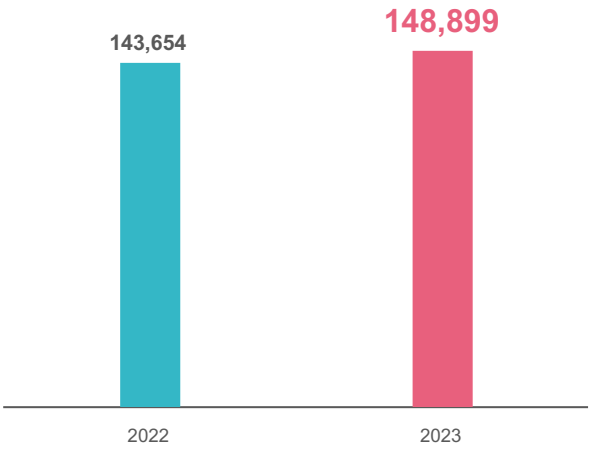
Volatile Organic Compounds emission
(metric tons)



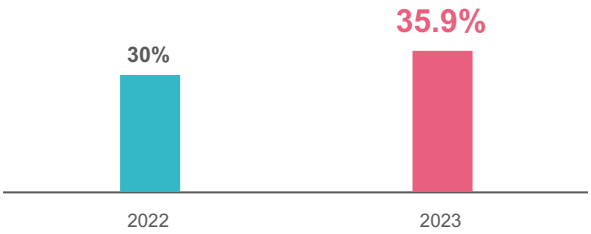
Hazardous waste produced
(metric tons)



Renewable energy consumption
(MWh)



Women in Extended Leadership Team



Indicator	2023	2022
ENVIRONMENT		
Energy		
Total energy consumption in MWh	604,472	601,937
Renewable energy consumption in MWh	148,899	143,654
% of renewable energy	25%	24%
Sites with 100% electricity from renewable sources (% Group sites)	83%	83%
GHG emissions* (see methodological note)		**2022 corrected**
Scope 1 GHG emissions in metric tons CO2e	63,086	61,317
Scope 2 GHG emissions in metric tons CO2e (Market based)	28,614	30,061
Scope 3 GHG emissions in metric tons CO2e	705,065	590,577
Other emissions		
VOC (volatile organic compound) emissions in metric tons	1,219	1,413
Water		
Water consumption in thousand m^3	19,127	18,352
Waste		
Total waste produced in metric tons	100,605	98,668
Non-hazardous waste produced in metric tons	45,667	43,361
Solvents		
Total solvents consumed in metric tons	87,595	83,275
Solvent recycling rate (%)	71.1%	67.5%
Certifications		
ISO 14001 and ISO 50001 certification (% certification)	**100%**	75%
Number of employees by country		
France	1,302	1,235
Hungary	1,044	935
Germany	839	771
United Kingdom	219	256
Italy	220	208
Other	45	44
Total	**3,669**	**3,449**
Health and Safety (employees+temporary+contractors)		
Total Recordable Injury frequency rate per 1,000,000 hours worked	2.8	2.9
Accident severity rate per 1,000,000 hours worked*	39.9	15.7
Fatality rate	0.0	0.0
Diversity and inclusion		
Women in total workforce (%)	28.8%	28.2%
Women in Extended Leadership team (%)	35.9%	30.0%
ETHICS + COMPLIANCE		
Employees trained on Code of Ethics and Compliance (%)	95%	95%

1.2 PRESENTATION OF THE GROUP

EUROAPI develops, manufactures, markets and distributes Active Pharmaceutical Ingredients (APIs) and Intermediates used in the formulation of medicines for human and veterinary use, both from originators and generics, and of cosmetics. This includes small molecules (complex chemical synthesis molecules, biochemistry molecules derived from fermentation and highly potent molecules (HP-APIs)) and large molecules (such as peptides and oligonucleotides). In 2023, the Group sold its APIs to approximately 570 customers in more than 80 countries. Its customer base includes:

- the majority of the world's largest pharmaceutical companies (such as Sanofi, Daiichi Sankyo, P&G Health and Alfasigma);
- generic drug manufacturers (such as Teva and Viatris);
- animal health product manufacturers (such as Boehringer Animal Health, MSD Animal Health, Ceva);
- consumer health, nutrition and cosmetic product companies (such as DSM and Novéal);
- biotech companies (such as Sarepta Therapeutics, NH Theraguix, SQY Therapeutics and TriSalus);
- Contract Development & Manufacturing Organization (CDMO) (such as Catalent);
- distribution companies.

The Group estimates that, in terms of revenue, it was the world's leading manufacturer of small molecules and the world's top 3 manufacturer of APIs (including small molecules and large molecules) in 2023, as well as the top 10 manufacturer in the global CDMO market[(1)].

The Group is the result of a carve-out of part of the Sanofi group's activities and is composed of six manufacturing sites and development centers equipped with state-of-the-art technology, all located in Europe (Vertolaye and Saint-Aubin-lès-Elbeuf in France, Frankfurt in Germany, Budapest in Hungary, Brindisi in Italy and Haverhill in the United Kingdom). As of December 31, 2023, the Group employed around 3,650 full-time equivalent employees (FTEs).

EUROAPI offers its customers:

- a diversified portfolio of APIs, for which the intellectual property is owned or licensed by the Group and/or is subject to a distribution agreement (the "API Solutions" business);
- development and/or manufacturing services for APIs, as a CDMO, for which the intellectual property is owned by the Group's customers (the "CDMO" (Contract Development & Manufacturing Organization) business). In addition to the sale and development of APIs, the Group also offers a range of high value-added services to meet customers' business needs and to support them in their regulatory filings.

(1) *Source: Company's estimate based on third-party market research (Global API Market by FutureWise) and using the annual reports published by the main industrial players in the API sector.*

1.3 BUSINESS OVERVIEW

1.3.1 Market description and competitive positions

The API market

Medicines are generally composed of two key elements: the APIs or "drug substances", which enable the pharmacological activity, and the excipients, which are necessary for enhanced stability and better absorption of the API within the drug.

The value chain of the pharmaceutical industry includes:

- the discovery and development of the medicine (including the API);
- the development of the manufacturing processes to produce the API and the drug product;
- the production (API and medicines);
- the packaging (primary and secondary) and logistics operations;
- the marketing of the medicine (exclusively, during the term of the patents, then in generic form thereafter);

The market for the manufacturing process development and production of APIs breaks down into two sub-markets:

The captive market	The merchant market
The development and production of the API are carried out by the company that markets the finished drug product.	The development and/or the production of the APIs is outsourced by the company that markets the finished product to third parties.

Due to the criticality of APIs in the value chain of the drug, production is heavily regulated by the health authorities, from quality and patient safety to health aspects in the workplace and the environment. Certifications (regulatory dossiers) are necessary to sell them. Regular inspections by health authorities are conducted at the sites.

In addition, the industry is characterized by development and manufacturing processes with long and complex cycles that require significant financial investments, a high level of expertise and control of different production technologies, as well as solid experience in managing the value chain (including supply, complex analytical validation methods and the elimination of manufacturing waste). This generates major investments, technological and logistics constraints.

Market dynamics[1]

Market size and growth

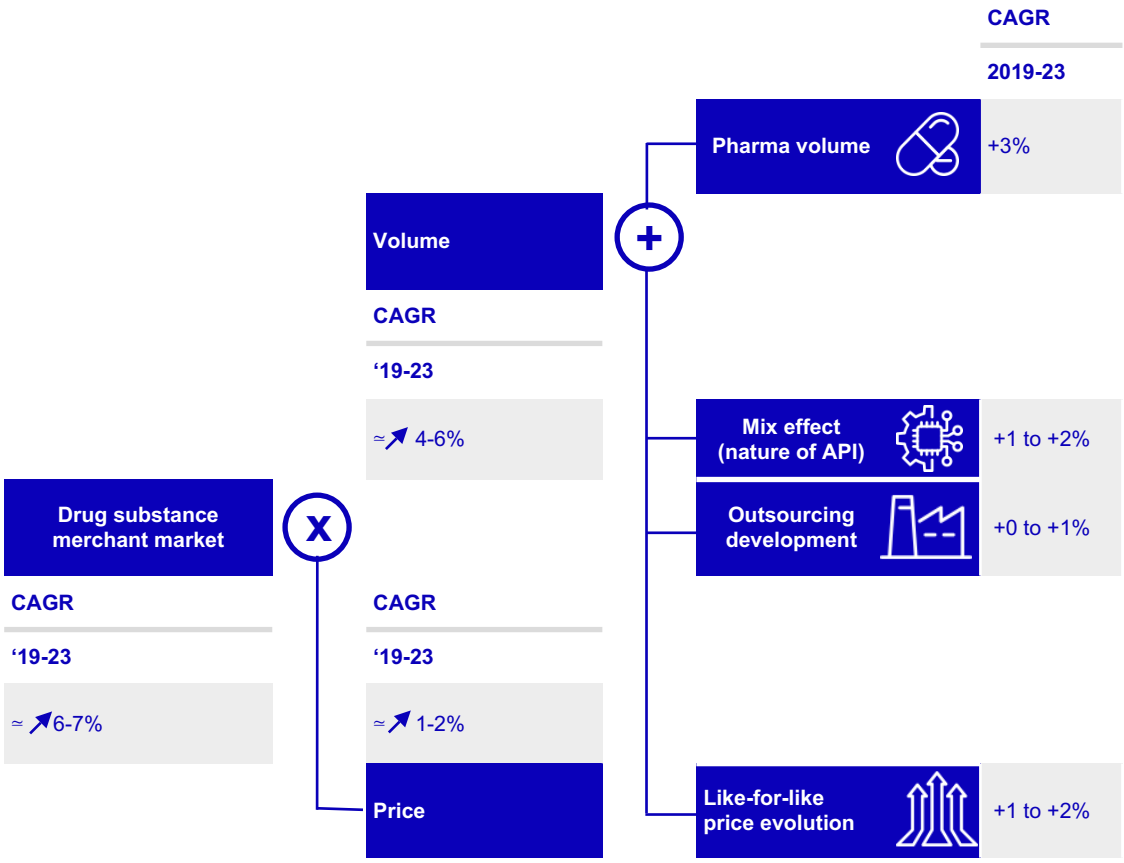
Within a pharmaceutical market of around €1,454 billion in 2023 (excluding COVID-19 vaccines), EUROAPI targets the merchant segment of the API process development and manufacturing market, resulting in an addressable market valued at €91 billion in 2023 (out of a total market for APIs, including the captive segment, of around €210 billion).

The merchant market for process development and the manufacture of APIs is expected to grow from 6% to 8% per year from 2024 to 2028.

Growth in the coming years should be primarily carried by the growth in volumes in the pharmaceutical market, the favorable product mix effect, moderate price increases driven by differentiated APIs, and the trend toward increased outsourcing and to securize the supply chain by dual or multi sourcing by the pharmaceutical companies.

[1] *Sources: Company's estimate based on third-party market research (Global API Market by FutureWise) and using the annual reports published by the main industrial players in the API sector*

Merchant market dynamic[2]



Segmentation of the API market

The merchant market for process development and the manufacture of APIs can be further segmented by molecule type.

1) The merchant small molecule market (including complex chemical synthesis molecules, biochemistry molecules derived from fermentation and HP-APIs) has a value of €80 billion in 2023, representing around 85% of the total merchant market. In 2028, the small molecules market is expected to reach €100 billion, i.e., around 85% of the total merchant market, with an average annual growth rate of 4% to 5%.

	Market value in 2023	Expected growth until 2028
Complex chemical synthesis molecules	€70 billion	+3%
Biochemistry molecules derived from fermentation		+6 to +7%
HP APIs	€10 billion	+9%
TOTAL Small Molecules	**€80 billion**	**+4 to +5%**

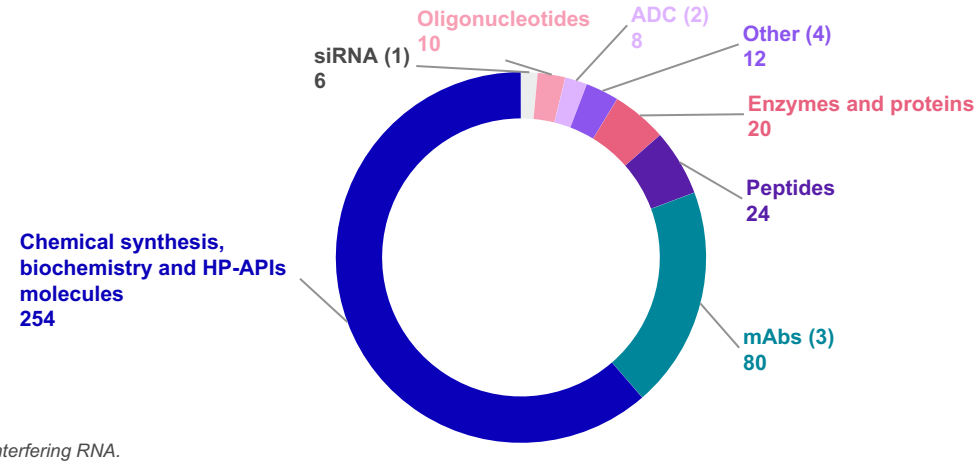
Complex chemical synthesis molecules are expected to grow by 3% per year until 2028 (including growth of 2% to 3% for steroids, 3% to 4% for alkaloids and 1% to 3% per year for sartans). An average growth of about 6% to 7% per year is expected over the same period in the market for biochemistry molecules derived from fermentation (including growth of 4% to 6% per year for vitamin B12 and its derivatives). HP-APIs are expected to grow by 9% per year until 2028 (including growth of 5% to 7% per year for prostaglandins).

2) The merchant large molecules market (such as peptides and oligonucleotides) is valued at €11 billion in 2023, or around 15% of the total merchant market. In 2028, the large molecules market is expected to reach €17 billion, still representing approximately 15% of the total merchant market, with an average annual growth rate of 8% to 10%. Peptides and oligonucleotides are expected to be the strongest growth in the APIs family, with respective average annual growth of 8% to 10% and 12% to 14% until 2028.

[2] *Sources: Company's estimate based on third-party market research (Global API Market by FutureWise) and using the annual reports published by the main industrial players in the API Sector*

During the 2016-2023 period, small molecules represented more than 60% of all molecules approved by the United States FDA (Food and Drug Administration)[3]. By the end of 2025, around half of the molecules approved by the FDA should be small molecules.

The distribution of the new molecules approved by the FDA between 2016 and 2023 is presented below[4]:



(1) Small interfering RNA.
(2) Antibody-drug conjugates.
(3) Includes antibodies and equivalents.
(4) Including lipids, radioconjugates, polymers and neurotoxins.

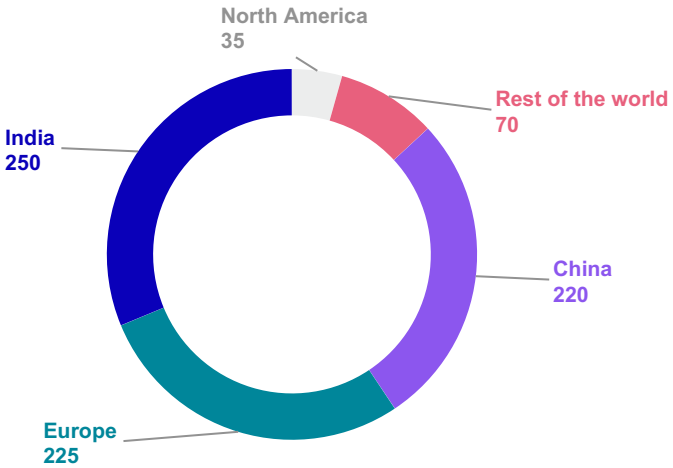
EUROAPI, which has the capacity to produce more than 80% of the new molecules approved by the FDA since 2016, has a strong presence in the complex chemical synthesis molecules and biochemistry molecules derived from fermentation sub-families, with an emerging presence in HP-APIs and in large molecules (peptides and oligonucleotides in particular), which are key components in the Group's strategy for future growth.

Competitive landscape[5]

Overview

The merchant market of APIs is very fragmented with over 800 plants.

Global distribution of the 800 plants



[3] *Sources: FDA database; BioPharma Trend - Will Biologics Surpass Small Molecules In The Pharma Race? – July 2018.*
[4] *Sources: FDA extraction; C&En - The Years in New Drugs 2016, 2017, 2018, 2019, 2020, 2021, 2022 & 2023.*
[5] *Sources: Analyses conducted from Capital IQ and MergerMarket databases; FDA (Food and Drug Administration) Drug Quality Inspections; press releases of rival companies; Company information; analyses performed by brokers on the competitive landscape using public data about the competing companies; interviews with experts on the API market conducted early in 2021*

In the pharmaceutical value chain, three main archetypes compete in the process development and manufacture of APIs:

- CDMOs focused on the manufacture of APIs;
- integrated CDMOs offering both the manufacture of drug substances (APIs) and drug products;
- pharmaceutical companies that have an adjacent CDMO for third parties in addition to their captive business.

Market characteristics

The competitive positions of the players are relatively secure due to the market's following features:

1) The commercialization of the APIs is heavily regulated by health authorities: detailed and costly technical documentation with long registration timeframes (from 9 to 40 months to qualify a new API source not yet certified), with six key steps:
   - evaluation and planning;
   - transmission of samples;
   - test of pilot batches at laboratory scale to verify the product's specifications;
   - industrialization of the process for the manufacture of commercial batches;
   - stability tests for the first commercial batches;
   - registration with authorities before production of an API.
2) Certain APIs marketed by the Group are the subject of a large number of regulatory dossiers. Manufacturing sites are subject to intense vigilance with regular inspections by health authorities and customers, and are subject to different regulatory obligations depending on the region of the world; these obligations evolve over time and require ongoing work to ensure compliance at all times;
3) Significant requirements that prioritize long-term relationships with suppliers known for their quality and reliability of supply: the process of changing a supplier is long and requires a financial investment of several hundred thousand euros. It is usually done when the supplier in place runs into recurring problems of supply quality or reliability, when the alternative source offers significantly lower prices, or when the customer wants to diversify its supply sources;
4) The industrial excellence necessary to propose a competitive offer: an upstream investment and heavy startup costs are needed to establish production of APIs. Only sufficient critical size allows attractive prices and viable margins. In fact, certain infrastructure costs at the sites, such as the purification sites, cannot be reduced, and give a competitive advantage to large sites. It is also crucial to have specific technological expertise with control of complex industrial processes with long cycles.

The competitive landscape is continually evolving around the major trends described below:

- Outsourcing of the supply of APIs: the pharmaceutical companies are increasingly outsourcing the supply of APIs, which gives them better control over their supply, allows them to vary their production costs via a contractual relationship and makes suppliers compete with each other and outsource a portion of their carbon footprint. This is a trend already seen in R&D with CROs (Contract Research Organization).
- Streamlining of suppliers: pharmaceutical companies are increasingly concerned about the security of their supplies due to: a number of disruptions in supplies of drugs essential to patients; the end market's tension on drug prices; and shorter R&D cycles for new drugs. Increasingly, new projects are proposed only to a limited list of large-scale suppliers with a broad portfolio of APIs ("one-stop shops").
- Consolidation through mergers & acquisitions: mergers & acquisitions are at the center of the development strategies of suppliers of APIs because they make the use and marketing of technologies already in the market or new technologies immediate in contrast to the construction of organic capacities.
- Increased demand for premium APIs: certain APIs such as peptides and oligonucleotides are increasingly in demand from pharmaceutical laboratories and biotechnology companies due to the possibilities offered by their specification and complexification.
- Price pressure: especially for generics with standard technology and limited competitive edge.

- Increased interest in manufacturers with high social, environmental and quality standards.
- A growing number of opportunities for Western manufacturers: recurring quality problems and supply disruptions at manufacturers in countries with low production costs are triggering changes in the supply strategy of pharmaceutical companies, which are moving toward a multi-source purchasing strategy that is resulting in relocations of operations to Western countries.

1.3.2 Overview of Group business activity

#1	#1	#Top 3	#Top 10
World's leading manufacturer of small molecules in 2023	Largest player in the API market in the European Union	World's top 3 manufacturer of APIs in 2023	Top 10 in the global CDMO market in 2023

Source: Company's estimate based on third-party market research conducted using the annual reports published by the main industrial players in the API sector, public databases as well as interviews with market experts.

As of the date of the Universal Registration Document, the Group markets approximately 200 APIs, both within its API Solutions business and its CDMO activities, to 570 customers in more than 80 countries. The intermediates and APIs manufactured by the Group are used in the composition of drugs for human or veterinary use, both originator and generic.

Nature of the Group's business activities

API Solutions business

In its API Solutions business, the Group offers its customers a diversified portfolio of around 165 APIs, consisting of complex chemical synthesis molecules, biochemistry molecules derived from fermentation and HP-APIs. The intellectual property rights to the APIs of the Group's API Solutions business, and to manufacture the ingredients, are held by the Group or licensed by the Group and/or covered by a distribution agreement.

CDMO activities

The Group offers services to specific customers, covering upstream development (pre-clinical phase/ clinical phase 1) and downstream development and production of the APIs (clinical phase 2/clinical phase 3) as well as the commercial phase.

In its CDMO activities, it manufactures approximately 35 APIs or intermediates of APIs. The intellectual property rights to the APIs or intermediates of the APIs developed and/or manufactured by the Group as part of its CDMO activities are held by the Group's customers.

A) Upstream development of the API (pre-clinical phase/clinical phase 1)

The major steps in the pre-clinical phase/clinical phase 1 development process are the following:

- The completion in the laboratory of studies to become familiar with the process to manufacture the API resulting from the research.
- The transfer, development and optimization of the processes for manufacturing the API.
- The transfer, development and optimization of the analytic methods that will allow control of the final quality of the API.
- The production of non-GMP (Good Manufacturing Practices) batches used for toxicology studies (pre-clinical phase) and the development of the pharmaceutical formulation that will be used for administration in humans in clinical phase 1.
- The production of batches that comply with the GMPs in accordance with the regulatory obligations applicable to clinical phase 1 studies in humans.
- The completion of stability studies in order to verify the stability of the API and define an expiration date for the future API.

This phase may take approximately four years.

Laboratories that develop processes and analytic methods are primarily involved during the upstream development phase. Production at the pilot scale is performed by qualified operators and is generally done in restricted areas under conditions stipulated by the GMPs. The batches of APIs are analyzed and released by quality control and quality assurance for their clinical use.

B) Downstream development of the API with the production of batches intended for clinical trials and preparation of the regulatory registration application (clinical phase 2 and phase 3)

The major steps in the development and production process in clinical phase 2 and phase 3 are the following:

- Bringing the manufacturing processes to an industrial scale to cover the expanded need for APIs in clinical phase 2 and phase 3 by the required deadlines.
- The validation of the analytic methods to guarantee their reliability in the analysis of raw materials and the API.
- The characterization of the manufacturing processes in order to identify and ensure the reliability of the manufacturing process as regards to its capacity to deliver an API with the required quality.
- The production of batches that comply with the GMPs in accordance with the regulatory obligations applicable to clinical phase 2 and 3 studies in humans.
- The production of validation batches that will validate the process at the industrial scale, including at least three consecutive batches of APIs with the level of quality required, in accordance with the applicable regulatory obligations.
- The regulatory support in the preparation of the clinical regulatory and commercial registration applications that are submitted to the health authorities before effective use of the API in clinical trials and the marketing of the ingredient.

These phases may take approximately six years.

During the downstream development and production process in clinical phases 2 and 3, the laboratories that develop processes and analytic methods are involved in the scaling and validation of the analytic methods. Production at the pilot and industrial scales is performed by qualified operators and is carried out in restricted industrial areas under the conditions stipulated by the GMP. The batches of APIs produced are analyzed and released by quality control and quality assurance for clinical or commercial use.

C) Commercial phase

The major steps in the commercial phase are as follows:

- The supply of APIs to the Group's customers.
- Regulatory assistance in order to answer the questions of health authorities on the commercial registration applications and notify the authorities of any change and/or improvement in the process or analytic methods or a change in the site originally registered in the dossier operated after the API is marketed (see paragraph "Associated services offered by the Group" of this section).
- Quality assistance to ensure continuous compliance with GMPs in the manufacture of the API and guarantee the success of the inspections conducted by the health authorities at the sites where the API is manufactured (see paragraph "Associated services offered by the Group" of this section).
- Technical and commercial support (see paragraph "Associated services offered by the Group" of this section).
- Improvement of the manufacturing process in order to lower industrial costs, improve the quality and safety of the operators and/or reduce the environmental impact.
- Management of the life cycle of the products in order to adapt to changing needs for APIs (volumes), market prices, the availability of raw materials and regulatory and environmental quality requirements.

The commercial phase may take approximately eight to ten years and can last after the patented period.

During the commercial phase, industrial scale production is performed by qualified operators and is done in restricted industrial areas under the conditions set out by the GMPs. The batches of APIs produced are analyzed and related by quality control and quality assurance for commercial use. The supply chain sends the quantities of the APIs ordered by the customer pursuant to the production contract. The process development department may be involved in improving the manufacturing processes.

Associated services offered by the Group

In the context of its API Solutions business and CDMO activities, the Group offers its customers a range of high value-added services to meet their commercial and regulatory needs. These services include: (i) regulatory assistance, (ii) quality assistance and (iii) technical and commercial support.

Regulatory assistance

As part of its comprehensive service offering, the Group offers regulatory assistance to its customers.

The regulatory assistance offered by the Group includes the preparation of all the regulatory documentation required throughout the development cycle of the APIs, in the context of its CDMO activities in particular: (i) briefing packages; (ii) registration application packages or the chemical portion of the applicable marketing authorizations; and (iii) the permanent files of the API (ASMF – Active Substance Master File) in the European Union or the DMF (Drug Master File) in the United States, or the CEP (Certificates of Suitability to the European Pharmacopeia).

Moreover, the Group's experts responsible for regulatory assistance can assist the Group's customers with questions or information requests from the health authorities and participate in meetings with the Group's customers and competent authorities to support the customer in obtaining regulatory approval.

The Group also offers its customers regulatory assistance for its products in the commercial phase.

Quality assistance

Quality assistance is provided by the quality assurance, quality control and analytic development units of the Group. The Group develops production in accordance with GMP while providing assistance with regard to process developments in accordance with ICH guideline Q8 (Pharmaceutical development), process transfers and analytics, analytic validations, process validations, evaluation of mutagenic impurities in accordance with ICH guideline M7(R1) on assessment and control of DNA reactive (mutagenic) impurities in pharmaceuticals to limit potential carcinogenic risk, and impurity traceability studies.

Technical and commercial support

In the pre-clinical phase or clinical development phases in particular, the Group provides its customers with technical support to assist the process to develop APIs along with a technical analysis and expert assessment to support the preparation of the regulatory package.

Group products

The Group's portfolio of products comprises 11 families of APIs divided into four categories[1]:

- Complex chemical synthesis molecules including alkaloids, sartans and steroids[2], molecules used in the treatment of hyperphosphatemia, antihistamines and antipyretics.
- Biochemistry molecules derived from fermentation including anti-infectives, vitamin B12 and its salt derivatives.
- HP-APIs including the prostaglandins.
- Large molecules including peptides and oligonucleotides.

[1] *Sources: Company information; interviews with experts in the API market conducted in early 2021.*
[2] *Steroids are also partly biochemistry molecules derived from fermentation to the extent that most synthetic pathways include non-chemical synthesis steps.*

Complex chemical synthesis molecules

	Group portfolio				
Families of APIs	Number of ingredients	Examples of ingredients marketed by the Group	Group production sites	Number of customers	Examples of therapeutic use
Steroids	30	Prednisolone, Methylprednisolone, Dexamethasone, Hydrocortisone, Spironolactone	Vertolaye	100-300	Hypertension and anti-inflammatories used in the treatment of certain diseases (asthma and eczema)
Alkaloids (non-narcotic opioids and opiates)	20	Codeine phosphate, Naloxone hydrochloride, Noscapine, Naltrexone hydrochloride, Apomorphine	-	100-200	Pain and cough, opiate addiction
Sartans	<5	Ibersartan, Olmesartan Medoxomil	Budapest	<10	Heart failure and arterial hypertension
Hyperphosphatemia	<5	Sevelamer	Haverhill	~3	Kidney failure
Antihistamines	<5	Fexofenadine	Frankfurt	10-50	Rhinitis and allergies
Antipyretics	<5	Metamizole sodium, Metamizole magnesium	Frankfurt	10-50	Pain and acute inflammation
Other complex chemical synthesis molecules	~65	Hydroxychloroquine sulfate, Ramipril, Afoxolaner, Glimiperide	Budapest, Frankfurt	100-200	Rheumatoid arthritis and lupus

Complex chemical synthesis molecules are organic compounds with low to medium molecular weight. They are generally obtained through a chemical route. They are characterized by a small to medium size allowing them to cross cellular membranes to reach intracellular targets and an increasingly complex and technologically sophisticated structure. Most of the complex chemical synthesis molecules can be administered orally, injected or inhaled. The production cost of these molecules varies.

For the year ended December 31, 2023, sales of complex chemical synthesis molecules represented 64.8% of the Group's consolidated revenue.

Primarily through Francopia, a subsidiary of the Company, the Group sells alkaloids used both in the composition (i) of narcotic opiate products and (ii) in non-narcotic opioids primarily used to fight opiate addictions (such as Naloxone Access Laws). The Group has no exposure to narcotic opiates in the United States and sells only non-narcotic opioids in this country.

Biochemistry molecules derived from fermentation

	Group portfolio				
Families of APIs	Number of ingredients	Examples of ingredients marketed by the Group	Group production sites	Number of customers	Examples of therapeutic use
Anti-infectives	10	Pristinamycin, Gamithromycin, Rifaximin, Teicoplanin, Rifampicin	Brindisi, Saint-Aubin-lès-Elbeuf, Vertolaye	30-70	Bronchitis, toxoplasmosis in pregnancy and tuberculosis
Vitamin B12	5	Cyanocobalamin	Saint-Aubin-lès-Elbeuf	100-200	Vitamin B12 insufficiency for persons following a vegetarian diet and in animal health

Biochemistry molecules derived from fermentation vary in size, and have a complex and differentiated structure, with an average production cost. They are administered orally or can be injected. The Group's portfolio of biochemistry molecules derived from fermentation comprises APIs of the family of anti-infectives and the family of vitamin B12 and its salt derivatives. The production of anti-infectives and vitamin B12 uses sophisticated and complex fermentation techniques. On the date of the Universal Registration Document, the Group ranks third in the world market and is the only Western producer of vitamin B12 and its solid salt derivatives.

For the year ended December 31, 2023, sales of biochemistry molecules derived from fermentation represented 18.2% of the Group's consolidated revenue.

HP-APIs

Families of APIs	Group portfolio: Number of ingredients	Group portfolio: Examples of ingredients marketed by the Group	Group production sites	Number of customers	Examples of therapeutic use
Prostaglandins	15	Beraprost, Latanoprost, Limaprost	Budapest	50-100	Systemic or local vasodilators (including for the treatment of glaucoma in ophthalmology)

HP-APIs are used in very low concentrations (micrograms or nanograms) due to their high level of efficacy that reduces the side effects of the corresponding pharmaceutical specialty. The Group is the global leader in the market for prostaglandins, which includes Latanoprost, Bimatoprost and Iloprost[3].

For the year ended December 31, 2023, sales of HP-APIs represented 9.5% of the Group's revenue.

Large molecules

Families of APIs	Group portfolio: Number of ingredients	Group portfolio: Examples of ingredients marketed by the Group	Group production sites	Examples of therapeutic use
Peptides and oligonucleotides	~5	Lixisenatide	Frankfurt	Type 2 diabetes

The Group's portfolio of large molecules contains around five APIs from the peptide and oligonucleotide family manufactured at the Frankfurt site. Peptides and oligonucleotides are molecules of average size, most of which can be injected, with a fairly complex structure. The production cost is high since these molecules are obtained through chemical synthesis, most often following a solid phase, which requires investments in specialized equipment and significant expertise in handling and analyzing such molecules.

They combine the characteristics of the complex chemical synthesis molecules (including the possibility of crossing cell membranes) and those of biochemistry molecules derived from fermentation (strong selectivity and reduction of side effects).

For the year ended December 31, 2023, sales of large molecules represented 7.6% of the Group's consolidated revenue.

Organization

1) Research and Development

The Research and Development (R&D) teams of the Group include, end of 2023, around 415 experienced professionals (process development, analytical development, pilots, projects management and innovation) distributed over the Group's six production sites (see paragraph "Production" of this section); approximately 120 people are dedicated to the CDMO activities and 45% are PhDs or engineers. The Group's R&D capacities are primarily organized around two centers located at the sites of Budapest, Hungary, and Frankfurt, Germany. The R&D programs are developed at the Group's sites in close collaboration with CDMO, API Solutions, industrial operations, strategy, quality, ESG and external affairs teams.

The Budapest center, with around 180 employees, houses chemical development laboratories and production facilities at pilot scale under the conditions stipulated by the GMP. In particular, it specializes in the production of complex chemical synthesis molecules and prostaglandins, due to a dedicated innovation center that supports the growth strategy for prostaglandins. The R&D capacities at Budapest serve local production and, to a lesser extent, the Vertolaye site. The center also specializes in CDMO activities, from development in the pre-clinical phase to regulatory registration and commercial supply.

[3] *Source: Company's estimates on the basis of market studies conducted by third parties based on the data in public databases (Capital IQ and Orbis), IQVIA statistics listing revenue per API, and interviews with market experts conducted in 2021.*

The Frankfurt center, with around 125 employees, specializes in CDMO activities through the development and the production of peptides and oligonucleotides, conjugated molecules and small molecules. It benefits from significant engineering capacities and a technological platform. The Frankfurt site also specializes in process research to find the most adapted process for manufacturing a molecule (route scouting). The R&D capacities at Frankfurt serve local production and, to a lesser extent, production at the Vertolaye and Brindisi site.

Finally, the other 110 R&D employees of the Group are divided among the sites at Brindisi (fermentation technology), Saint-Aubin-lès-Elbeuf (fermentation technology) and Haverhill, which specializes in spray drying, as part of the Group's CDMO activities, and Vertolaye, which houses a micronization expertise center.

The Group considers that these capabilities enable its R&D teams to master key elements for its customers, including:

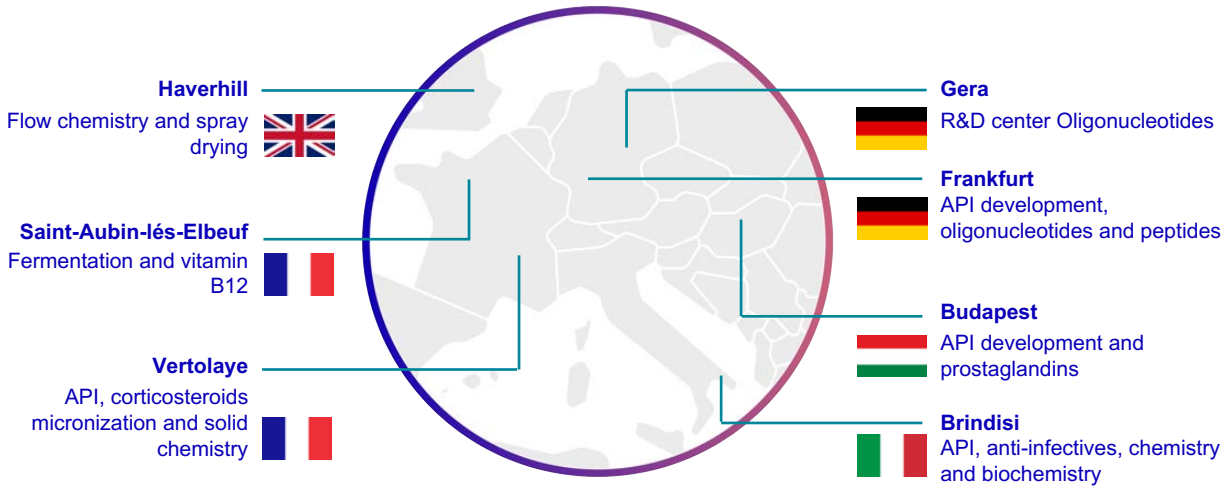
- The R&D activities necessary for the Group's CDMO activities;
- Improvement of the Group's products manufacturing processes;
- Development of new APIs;
- Support for the production of the APIs sold by the Group;
- Innovation programs; and
- The support of experts for M&A projects.

The Group holds a portfolio of 27 patent families, containing approximately 400 patents and 100 pending applications filed by the Sanofi group in France and abroad, which were transferred to the Group in the context of the Prior Reorganization Transactions. These patents and pending applications mainly cover processes to manufacture APIs, particularly for the production of prostaglandins and steroids. The Group also holds a very significant know-how, including business secrets, developed within the Sanofi group and transferred to the Group, concerning the production of APIs, their intermediates and analytic methods.

The Group, which primarily conducts activities to develop and manufacture APIs for its customers, considers that the patents and patent applications transferred are not essential to the pursuit of its economic activities. Even in the event of the expiration or loss of its patents, the Group will be able to continue to draw a competitive advantage from its industrial capacities, its expertise and knowledge in the development and production of APIs and intermediates from chemical and biochemical transformations.

2) Production

The Group relies on a set of six production sites and development centers, all located in Europe.



These sites are industrial sites (chemical and/or pharmaceutical) operated for many years, including five hazardous facilities classified as "SEVESO" (as defined by the SEVESO directive): four are classified as "high threshold" (Vertolaye, Frankfurt, Brindisi and Budapest) and one as "low-threshold" (Saint-Aubin-lès-Elbeuf).

Group's technological capacities by production site

The Group benefits from a wide range of technologies allocated to its six production sites.

	Chemistry				Fermentation	
	Vertolaye	Frankfurt	Budapest	Haverhill	Elbeuf	Brindisi
# of employees[1]	680	839	1,044	218	318	220
# of reactors	93	408	113	8	22	18
Total volume (m^3)	558	2,383	434	25	4,030	1,620
Key technologies	• Complex organic synthesis (Steroids) • Highly potent product manufacturing • Micronization and solid chemistry • High pressure chromatography	• Solid phase chemistry for peptides & oligos • Conjugation • High volume organic synthesis • Pilot plant with flow chemistry	• Highly Potent product manufacturing • Complex organic synthesis • Large range of production scale	• High volume industrial flow chemistry (large scale) • Spray drying from pilot to large scale	• Large scale fermentation and down stream processing	• Large scale fermentation, downstream processing and hemisynthesis • Process development capabilities
CDMO capabilities	✓	✓	✓	✓	✓	✓
Key product families	• Corticosteroids • Hormones	• Peptides • Oligonucleotides • Antipyretics • Antihistamines • ACE Inhibitors	• Prostaglandins • Sartans	• Hyperphosphatemia	• Vitamin B12 • Anti-infectives	• Anti-infectives • Enzymes for biocatalysis
# of APIs commercialized	46	24	30	2	5	11
Key API's	• Hydrocortisone • Trenbolone • Dexamethasone	• Lixisenatide • Ramipril • Metamizol • Fexofenadine	• Irbesartan • Olmesartan • Beraprost Sodium • Latanoprost	• Sevelamer	• Vitamin B12 • Pristinamycine	• Rifaximine • Rifampicin • Teicoplanin

(1) Excluding apprenticeships.

3) Product quality

The Group considers that quality represents a fundamental pillar of each step in the development and manufacture of its products and services. To achieve this, the Group implements its quality policy throughout the life cycle of the APIs: development, manufacture, distribution and marketing. It ensures the application of quality standards harmonized worldwide in order to comply with regulatory requirements and makes a commitment to provide safe and effective products to its customers.

Quality entity is an independent function. Quality managers are appointed at each site of the Group to deploy, manage and control the implementation of the principles of the company's quality management system in order to ensure the quality of its products and guarantee compliance with the regulations in force.

The quality management system is flexibly designed to include the standards specific to each family of products in the Group's portfolio. It is totally aligned with the requirements described in the ICH Q10 Pharmaceutical Quality System guide published by the International Council on Harmonization (ICH). It integrates all the rules of good practices (GMP & GDP) and other regulatory requirements for human and animal health.

The quality policy is the cornerstone of the Group's commitment to regulatory compliance and its customers. With the company, they are the vectors to guarantee full deployment of the Group's quality management principles and forms an important part of the vision of its quality culture.

4) Marketing

a) API Solutions

In its API Solutions business, sales coverage of the Group's customers on all continents is based on an organization established in four main regions: (i) Europe, which is divided into Northern, Southern and Eastern parts, (ii) Japan, (iii) North America and (iv) an intercontinental region (ITC) consisting of Latin America, China, Russia, India and the Pacific region. The sales teams include 40 employees who cover the zones and/or countries in which the Group has significant interactions with its customers: Europe, North America, Japan, China, India, Asia-Pacific, Latin America, Russia, Africa and the Middle East, supported by a Marketing and Business development team of 8 employees.

The sales teams also include key account managers in order to maximize the Group's key partnerships and ensure lasting relationships with its principal customers. The Sanofi account is therefore monitored within the sales department responsible for the API Solutions business by a key account manager and a dedicated team.

b) CDMO

Within the CDMO activities, the Group's sales organization is established in three regions known as "regulated zones" where the CDMO activity offering is promoted: (i) Europe and the United Kingdom, (ii) North America (United States and Canada) and (iii) Japan and Asia-Pacific. The sales team that cover these three regions have 15 employees; they are composed of business getters who watch the market and competitors and prospect the companies in which an interest in the Group's CDMO activities has been detected. The business is then monitored by business developers who also ensure sales follow-up for the customer throughout the collaboration. Special sales tracking is set up for large-scale, significant collaborations with a customer of the Group through a member of the sales team dedicated to this customer.

1.3.3 EUROAPI: Strengths and competitive advantages

Solid position in a diversified portfolio of APIs

As of the date of the Universal Registration Document, the Group has one of the largest portfolios in the industry, consisting of approximately 200 APIs for its API Solutions business and CDMO activities, and covering each of the 14 anatomical therapeutic classifications defined by the World Health Organization ("WHO"). In 2023, the Group's top ten APIs accounted for 37% of its consolidated revenue, while the top 50 APIs accounted for 80% of its consolidated revenue

The Group's positioning for each of the main categories of APIs that it manufactures is presented below[1]:

	Large molecules	Complex chemistry		Fermentation			HP APIs
	Oligo-nucleotides	Steroids	Alkaloids	Sartans	Anti-infectives	B12&Deriv	Prostaglandins
EuroAPI positions	Emerging presence Top 5 by 2027	#5	#1	#3	#3	#3	#1
Key APIs		Prednisolone, Methylprednisolone, Dexamethasone, Hydrocortisone and spironolactone	Codeine, Morphine, Noscapine, Naltrexone, Apomorphine and Naloxone	Irbesartan and Olmesartan	Pristinamycin, Gamithromycin, Rifaximin, Teicoplanin, Roxithromycin, Spiramycin, Rifapentine and Rifampicin	Cyanocobalaine	Latanoprost, Bimatropost and Iloprost

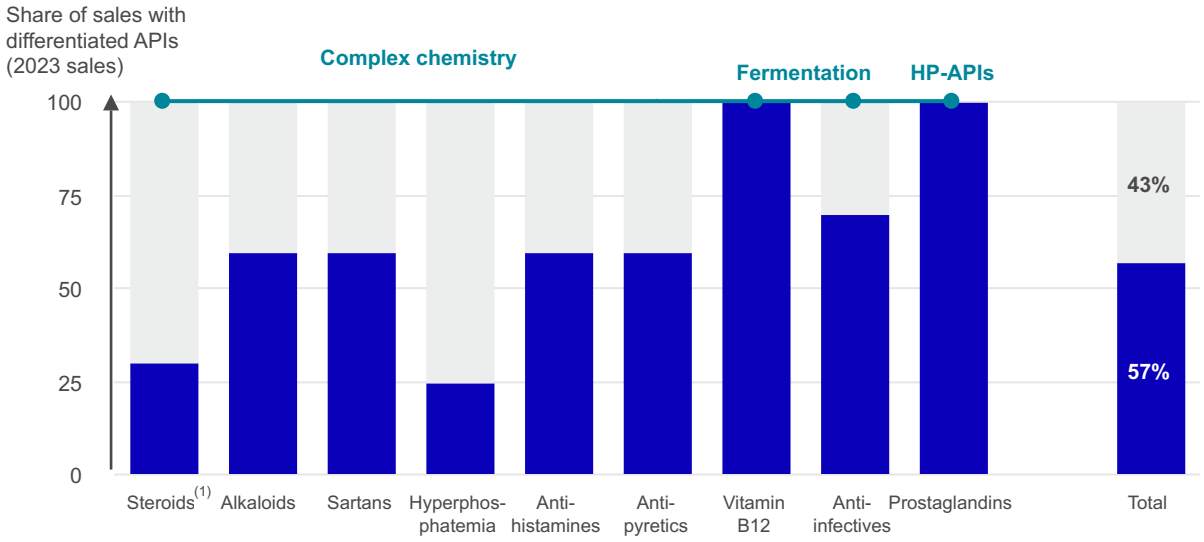
The Group's sites are on average 2.5 times larger than its Western competitors, in terms of average production and employees per site[2].

Scale is a major factor affecting competitiveness in the production of APIs and intermediates, given the large share of fixed costs in total production costs and the high amount of industrial investments. Due to continued investments, the Group has a prime position in the API market and is well positioned compared to its competitors in terms of product quality and diversity, regulatory compliance, supply reliability and technical support, which is reflected in the price sensitivity and competitiveness of the Group's products.

[1] *Source: Company's estimate based on third-party market research conducted using the annual reports published by the main industrial players in the API sector, public databases as well as interviews with market experts.*
[2] *Source: Comparison made on the basis of data obtained by experts in the market on average production and number of people per site.*

The Group is positioned in differentiated categories of APIs. A market is considered differentiated when it is a niche market or, in case of strong scale or efficiency requirements, when a specific chemical complexity exists, or when the value chain is considered to be complex. Approximately 57% of the Group's sales are generated from medium to highly differentiated[3] APIs, mainly biochemistry molecules derived from fermentation, HP-APIs, large molecules (such as peptides and oligonucleotides) and some complex chemical synthesis molecules.

Directional segmentation of the Group's portfolio of APIs



(1) Steroids are also partly biochemistry molecules derived from fermentation to the extent that most synthetic pathways include non-chemical synthesis steps.

Differentiation criteria

Medium to Highly differentiated API

1	2	3	4
Niche market characteristics	**Scale/efficiency requirements**	**Chemical complexity**	**Value chain complexity**
No/limited low-cost composition Markets with less than 5 suppliers or total market volume under 1,000 tons/year	Requiring scale in production with highly efficient processes and dedicated capacity/installations	Specific chemical know-how and hard-to-make/formulate Complex products are those with more than 20 steps needed or those in need of key differentiated technologies Requiring distinctive processes to achieve narrow specifications or be allowed to enter some markets	Complex sourcing of raw materials maintenance of cold chain or regulations or needing completely integrated value chain

(3) Source: Company's estimates based on third-party market research.

The Group's portfolio of APIs consists largely of molecules that are integrated into long-established standard of care treatment protocols and are unlikely to be replaced. Moreover, sales of APIs included in the list of essential medicines as compiled by the WHO (2023), the ANSM (2023) and BfArM (Germany 2023) represented 48% of the Group's restated revenue in 2023. Essential medicines, or "medicines of major therapeutic interest", correspond to therapeutic proprietary medicines used primarily for care. They are characterized by a broad spectrum of use, often generic molecules and large markets spread over several continents for the manufacturer of APIs.

Strong vertical integration offering greater autonomy and security of supply

The Group has greater vertical integration than its main European competitors, enabling it to supply its customers with more APIs manufactured from intermediates produced by the Group and derived from largely commoditized basic raw materials. It is thus less dependent on countries with low production costs for the purchase of basic and advanced intermediates[4]. For example, it has a very high rate of vertical integration for anti-infectives, alkaloids, salts derived from vitamin B12, corticosteroids, prostaglandins and hyperphosphatemia (greater than or equal to 90%), and a very advanced rate of integration for the other categories of APIs (greater than or equal to 60%). A supply chain program was designed to guarantee transparent processes throughout the value chain to deliver APIs to the Group's customers within the required timeframes, by targeting APIs used in the composition of essential medications and/or medications of vital importance. The principal components will focus on responsible supply initiatives, including codes of conduct and audits of the principal suppliers, as well as the program to end single sourcing.

Manufacturing excellence and innovation capacity

The Group benefits from a wide range of technologies allocated to its six production sites, each of which benefits from appropriate investments and an experienced development team.

Innovation capabilities

The Group also benefits from an innovation team that covers the Group's five R&D platforms.

The Group owns, controls and integrates almost all of the main chemical technologies used for the manufacture of APIs, spread over its six production sites. These sites are specialized in differentiated and complementary technologies in chemistry and fermentation, which enable the Group to industrialize new molecules for its customers. The technological capacities of the sites are presented in paragraph "Manufacturing excellence and innovation platform" of this section. Thanks to its production platform located in Europe and the large size of its multi-technology sites, facilitating the development of processes and industrialization aimed at introducing new products on the production sites, the Group also considers that it has the necessary attributes to be a leading candidate in the event of the relocation of the production of certain APIs to Europe. The Group's teams have thus established several complementary projects related to the technological platforms of its industrial sites in order to respond to governmental and European initiatives to relocate Europe. These projects aim to secure the supply of intermediates and mature APIs of major therapeutic interest through process innovation in order to ensure competitive, diversified, secure and environmentally sustainable production in Europe. These initiatives notably include:

- the development of a sustainable erythromycin production through innovative fermentation and purification processes at the site of Elbeuf;
- capacity expansion for development and production at industrial scale of solid phase and liquid phase complex and conjugated peptides and oligonucleotides at the Frankfurt site (Germany);

[4] *Source: Company's estimates based on interviews with experts in the API market conducted in early 2021.*

- the manufacturing of therapeutic nanoparticles at industrial scale using the particle engineering technologies such as nanoparticles, micronization and spray drying platforms at the Vertolaye (France) and Haverhill (United Kingdom) sites; and
- the development and manufacture of corticosteroids through state-of-the-art biochemical, chemical and purification processes at the site of Vertolaye and Elbeuf.

These projects aim to make it possible to sustainably produce these molecules in Europe and to develop more cost competitive products in a more environmentally friendly manner through the development of new chemical synthesis routes. These objectives can be achieved only by leveraging the disruptive innovation brought about by the principles of green chemistry, including resource minimization, solvent and waste reduction and energy input reduction, and by scouting new synthesis routes or using key new technologies such as synthetic biology, flow chemistry and biocatalysis. The Group's Environmental, Social and Governance (ESG) policy is described in detail in Chapter 5. "Corporate Social Responsibility" of the Universal Registration Document.

Finally, the Group also considers that the risks associated with its procurement strategy are limited. In 2023, the Group's top ten raw material suppliers accounted for 32% of its total raw material expenditures, and 51% of these raw material expenditures were from dual or multiple sources. Moreover, raw materials used by the Group sourced from China or India accounted for 24% of the Group's total raw material expenditures, while 71% were sourced from Europe.

Competences

In the peptide and oligonucleotide segment, the Group considers itself to be one of the few operators in the market to have the necessary capacities for manufacturing complex conjugate products. Given the growing complexification of the peptides to make them more selective, the molecules conjugation technology appears to be determinant. For example, the combined applications and procedures show increasing therapeutic effectiveness of conjugation with small molecules[5]. The Group considers itself to be well positioned in the conjugation of complex peptides and oligonucleotides due to its solid technical expertise and its main differentiating factors, including (i) diversified technologies enabling it to complete conjugation operations using its own capacities without using outside partners; (ii) knowledge and capacity in the area of conjugation and innovative synthesis sub-units, which facilitate conjugation; and (iii) extensive experience with several solid phase conjugated APIs.

In addition, the Group benefits from internal capabilities and intends to take advantage of external opportunities to continue to be a leader in innovation. In order to monitor and take advantage of technological advances, it has set up different partnerships which are supported by continuous collaboration with numerous university and academic partners in Europe and private R&D companies. Finally, initiatives have been put in place to continuously monitor potential acquisition opportunities and to remain at the forefront of innovations.

Regulatory and quality performance

The Group's production sites are regularly inspected by several health regulatory authorities, such as the Food and Drug Administration ("FDA") in the United States, the European Medicines Agency ("EMA") or European national agencies such as the French National Agency for the Safety of Medicines and Health Products *(Agence nationale de sécurité du médicament et des produits de santé* – "ANSM"). As a result, the most recent regulatory inspections carried out on each of the Group's sites by health authorities did not reveal any critical observations. Moreover, every year, 50 audits conducted by customers take place. In 2023, all audits have confirmed the quality level of the Group's sites[6]. All processes for the manufacturing of APIs at the Group's sites were certified as GMP compliant. During a 2022 internal assessment, the Group identified certain deviations from good documentation practices at its Budapest, Hungary manufacturing facility related to the production batch dossiers for certain prostaglandins manufactured in a dedicated unit at the Budapest site. Following this event, EUROAPI proactively defined an exhaustive remediation plan ensuring full GMP compliance of all productions and informed Hungarian Health Authorities as well as all Manufacturing Authorization Holders. Hungarian Health Authority Inspection which occurred on November 23-24th 2023, confirmed that Euroapi's action plan is appropriate and concluded to a satisfactory result with no critical observation. In March 2024, following an internal audit, quality control deficiencies were identified at the Brindisi site in Italy (see Section 4.4 "Subsequent events" of the Universal Registration Document).

[5] *Source: New Modalities for Challenging Targets in Drug Discovery by Dr. Eric Valeur, Dr. Stéphanie M. Guéret, Dr. Hélène Adihou, Dr. Ranganath Gopalakrishnan, Dr. Malin Lemurell, Prof. Dr. Herbert Waldmann, Prof. Dr. Tom N. Grossmann, Dr. Alleyn T. Plowright – July 2017.*
[6] *The Group considers an audit to be successful when it does not result in the loss of a customer.*

Following Nitrosamine risk awareness, the Group has put in place a proactive methodology to assess and prevent the risks of nitrosamines in its products. Based on this study, the risk analysis relating to the presence of mutagenic impurities of the nitrosamine family conducted between 2018 and 2021 by Sanofi and the Group has shown that there is no risk for nearly all the APIs produced by the Group. In parallel, the Group also continues to proactively assess the risk of mutagenic impurities in its key APIs in accordance with the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) guideline M7(R1) on assessment and control of DNA reactive (mutagenic) impurities in pharmaceuticals to limit potential carcinogenic risk. This expertise will enable the Group to ensure risk control and develop a competitive advantage over its competitors by offering its pharmaceutical customers regulatory files that comply with the current requirements of the authorities.

As of the date of the Universal Registration Document, the Group has a broad portfolio of files and certifications, including 64 Certificates of Suitability to the European Pharmacopoeia ("CEP"), 56 files filed with the FDA (Drug Master File, "DMF") and 44 Japanese Drug Master Files ("JMF") filed with the Japanese health authority.

The Group has also obtained ISO 14001 and ISO 50001 (best environmental and energy practices) certifications for all sites. The Group has also defined certain objectives in terms of social and environmental responsibility.

Customer base

Sanofi

Sanofi, which represented approximately 46.6% of the Group's consolidated revenue in 2023, is a key strategic partner. The Group entered into a manufacturing and supply agreement (the "Global Manufacturing and Supply Agreement") for APIs with Sanofi Winthrop Industrie, a Sanofi group affiliate, effective October 1, 2021, as amended on March 1, 2022 and on February 28, 2024, for a period of five years after the date of the Company's initial listing that occurred on May 6, 2022, renewable by mutual agreement of the parties and exclusive on a major portion of the products.

The Group is also a key strategic partner of Sanofi; it thus supplied around 30% of the APIs purchased by the Sanofi group in the year ended December 31, 2020, including the APIs necessary for the production of circa 18 of Sanofi's key drugs (such as Fexofenadine, which is used in the manufacture of Allegra, an over-the-counter antihistamine, or Lixisenatide, the API in Soliqua, an injectable drug for Type 2 diabetes). In 2023, the principal APIs in terms of revenue recorded with the Sanofi group were Sevelamer, Fexofenadine, Pristinamycine, Irbesartan, Metamizole, Codeine phosphate, Drotaverine HCl and Hydroxychloroquine sulfate. The Group is also a CDMO partner of choice for Sanofi due to the signature on October 1, 2021 of a Master Agreement for Development and GMP Manufacturing Services with Sanofi under the terms of which each of the parties acts both, and as applicable, as provider or as beneficiary of services relating to the development and/or improvement of processes to manufacture certain APIs or intermediates. The Group is engaged in approximately ten projects to develop processes and/or manufacture new molecular entities in the Sanofi's portfolio, including notably the linker and payload side chain for Tusamitamab ravtansine, an antibody-drug conjugate in Phase 3 for the treatment of non-small cell lung cancer and the development of cationic lipids for mRNA vaccines encapsulation being developed by Sanofi.

The Group and Sanofi also signed a Distribution Agreement, effective as of October 1, 2021, as amended on February 25, 2022, under the terms of which the Company agrees to distribute circa 12 APIs belonging to the Sanofi group, as a non-exclusive distributor.

Other customers

At the end of 2023, sales to other Group customers represented 53.4% of the Group's consolidated revenue. It sells its products to a diversified base of around 570 longstanding customers, including:

- most of the world's largest pharmaceutical companies (approximately 275 customers, including Daiichi Sankyo, P&G Health and Alfasigma);
- generic drug manufacturers (approximately 45 customers, including Viatris and Teva);
- animal health products manufacturers (approximately 15 customers, including MSD Animal Health, Boehringer Animal Health, Ceva);
- consumer health and nutrition products companies (approximately 165 customers, including DSM and Novéal);
- biotech companies (approximately 20 customers, including Sarepta Therapeutics, NH Theraguix, SQY Therapeuthics and TriSalus);
- CDMOs (Catalent);
- distribution companies (approximately 15 customers).

For the year ended December 31, 2023, the top ten customers (excluding Sanofi) represented 27.1% of the Group's consolidated revenue. 80% of the Group's consolidated revenue (excluding Sanofi revenue) was generated by 49 customers.

The Group's customers (excluding Sanofi) who purchase their APIs on an exclusive basis, i.e., as the sole source of supply listed in their regulatory file for a given drug, represented approximately 50% of the Group's consolidated revenue for the year ended December 31, 2023 (excluding Sanofi)[7]. The Group has also maintained commercial relationships for more than 20 years with most of its top 20 customers.

Given these commercial dynamics, Group customers rely on purchase orders that represented approximately 75% of the revenue from its API Solutions business as of December 31, 2023 (excluding Sanofi); the Group has formalized contractual relations with its customers in other cases. In the future, the Group intends to formalize the relationship with its customers further through contracts rather than purchase orders. Within the framework of its CDMO activities, all commercial relations between the Group and its customers are formalized by contract.

The Group considers that there are cross-selling opportunities within its current customer base. The average number of APIs supplied to the Group's customers is increasing: 10% to 15% of our customers purchased four or more APIs in 2023 and represented 69.3% of the Group's revenue (excluding Sanofi), while 85% to 90% of the customers purchased fewer than four APIs and 58% of the customers purchased one API.

Strong positioning in the CDMO market with higher potential margins

Revenue from the Group's CDMO activities represented 28.2% of its consolidated revenue for the year ended December 31, 2023, of which 17.8% was for customers other than Sanofi and 10.4% was for Sanofi. The Group considers it has a solid foothold in this business activity and substantial room for growth given the limited resources allocated to this activity in the past and the integration within the Sanofi group. It has the ambition of entering the top five CDMO companies worldwide in terms of sales. The Group is increasingly moving toward CDMO partnerships in the early phases of the drug development cycle in order to benefit from greater customer loyalty due to the Group's position as the first supplier in terms of precedence. These partnerships have the potential to generate higher margins based on the complexity of manufacturing and the growth potential of APIs throughout the life cycle of the products of the Group's customers. It also seeks to generate a significant number of contracts for APIs or intermediates of drugs in commercial phases to mitigate the risk of attrition from the molecules development cycles not reaching the commercial phase. In order to secure their supply of APIs and be able to respond to the increase in sales during the commercial phase, the Group's customers sometimes use additional suppliers whose margin levels are generally lower than those of the CDMO partners. The Group can capitalize on promising partnerships, such as those with Sanofi, Catalent and Noveal, to further develop its CDMO activities. During the year ended December 31, 2023, the Group's CDMO activities also won 23 projects, about 44% of which were with new customers, covering its four main technologies, i.e., nine projects in preclinical/phase I, two projects in phase II, three projects in phase III and nine projects in commercial phase. In the context of its CDMO activities, the Group will have to simultaneously manage a certain number of API manufacturing projects at different clinical stages of development on behalf of its customers in order to take into account the natural attrition of clinical development projects inherent in the pharmaceutical sector.

In order to grow its market share, the Group plans to continue to develop its capabilities dedicated to cutting-edge technologies (such as cytotoxic payloads, linkers, peptides and oligonucleotides, and micronization) and to transition to a customer-centric model, which will be made possible by its independence from the Sanofi group. This will help to strengthen its commercial and operational organization dedicated to the CDMO activities, to improve the evaluation and monitoring of CDMO projects, and to boost the commercial competitiveness of its offers. In the large molecule segment, the efforts made by the CDMO sales team since the IPO have begun to bear fruit with the signature of new contracts. 15 projects are ongoing at the end of December 2023.

The Group is proposing a complete range of services covering development from the pre-clinical phase up to the commercial phase, and including analytic methods validation, scaling up of production from pilot level to marketing, and competitive prices with a potential for improvement due to the occupancy rate optimization at the Group's sites.

[7] *Compared to 48% in 2022*

1.4 STRATEGY AND OBJECTIVES

The Group estimates that, in terms of revenue, it is the world's leading manufacturer of small molecules and the world's top 3 manufacturer of APIs (including small molecules and large molecules) in 2023, as well as the top 10 manufacturer in the global CDMO market in 2023[(1)]. Its strategy is to strengthen its position in the market for small molecules through three pillars: (i) strengthening of API Solutions leadership by optimizing the existing portfolio through a mix of pricing, product, customers and geographical optimization; (ii) growth and expansion into growing CDMO platforms by leveraging existing capabilities and developing into new promising platforms and technologies; and (iii) operational excellence by improving EUROAPI's cost structure and financial performance through strategic cost saving plans, working capital & investment optimization.

These strategic pillars aim at the following two objectives: (i) increase revenue generated via CDMO activities and (ii) reduce the weight of Sanofi in the Group's total consolidated revenue, primarily through growth in sales to other customers.

The Group also intends to pursue a strong environmental and societal commitment within the framework of its ESG policy.

Stimulate the revenue growth of the API Solutions business

Building on its estimated position as the world's leading manufacturer in small molecules, the Group aims to accelerate the revenue growth from its portfolio of 165 APIs.

Within this portfolio, Sanofi is a reference customer and a privileged partner. The Group is the leading manufacturer and the main distribution platform for APIs of the Sanofi group. The Global Manufacturing and Supply Agreement provides, among other things, for the exclusive supply to Sanofi of APIs and/or intermediates and/or other substances covered by the Global Manufacturing and Supply Agreement, subject to certain exceptions, from an established list of territories. In order to substantially accelerate revenue from the product offering in the API Solutions business, the Group intends to continue its efforts to increase sales to customers other than Sanofi.

Thus, the Group plans to develop its sales in its API Solutions business around six main vectors:

- First, the Group's strategy will focus on an increase in the production capacity of certain niche APIs such as prostaglandins or vitamin B12, for which demand is growing strongly and exceeds the available offer, and for which the Group will make additional investments.
- Second, the Group considers that there are cross-selling opportunities within its current customer base.
- Third, the Group conducted a competitive analysis and segmentation of its customer base and intends to set up, for the first time, a sales policy to optimize the prices of its products on the basis of the segmentation and strategic positioning of its customers.
- Fourth, the Group will accelerate prospecting for new customers, particularly in the United States and the emerging and less regulated geographic regions.
- Fifth, around 15 APIs, once reserved exclusively for Sanofi's general medicinal products in some specific territories, will be available for sale to other existing and potential customers.
- Sixth, the Group will expand its API Solutions portfolio in new attractive APIs (about to be genericized or already on the generic market).

Finally, the Group considers that the relocation of production to Europe in order to reduce the European Union's current dependence on non-European suppliers, particularly from Asia, for APIs that are strategic for European public health, could promote growth in sales of products from its API Solutions business. Although the Group does not include this factor in its projections, it considers that it has the production capacity and infrastructure to benefit from this development and to take advantage of initiatives taken by manufacturers of finished products aimed at developing alternative sources of supply of APIs. Due to the scale of its production sites, all located in Europe, as well as the size of its factories, the high quality and diversity of its portfolio of APIs and its broad range of technologies, the Group is positioned to be a preferred player in the process of restoring the sovereignty of the manufacture of APIs in Europe.

(1) *Source: Company's estimate based on third-party market research (Global API Market by FutureWise) and using the annual reports published by the main industrial players in the API sector.*

Capitalize on innovation and development to accelerate the reorientation of the portfolio toward the CDMO activities

Revenue from the Group's CDMO activities represented 28.2% of the Group's consolidated revenue for the year ended December 31, 2023.

The Group plans to develop its sales in priority in its five main technological pillars i.e. large molecules, complex chemistry, microbial fermentation, particle engineering and HP-APIs, as well as explore any opportunity in highly differentiated emerging platforms.

To successfully develop its CDMO business, the Group relies on 3 key enablers:

- First, the Group benefits from a wide range of technologies spread across its manufacturing sites, and innovation is at the center of the Group's strategy. Although it considers that its sites are capable of supporting its growth strategy, the Group is committed to continuous innovation in order to enhance its manufacturing processes and develop new ones. In order to stay abreast of the industry's shift toward sustainable technologies and to respond to rapidly changing customer needs, the Group plans to continue to invest in technology and innovation in the coming years, as well as in the development of its production capacities, in order to provide quality solutions at all type of scales, from clinical to large commercial scales, throughout the life cycle of its customers' products. These investments will drive the future growth of its CDMO activities, which have historically been restricted to serving Sanofi's captive needs and which will be lifted as a result of EUROAPI's autonomy from the Sanofi Group.
- Second, the Group plans to make substantial investments to optimize and increase its existing production capacities, in particular for peptides and oligonucleotides, highly potent APIs and small complex molecules, to develop the pipeline of ongoing CDMO projects and to continue to increase EUROAPI brand awareness on the market to generate a greater volume of business in this activity. The Group also intends to permanently manage a growing number of projects (in 2023 : 69 active projects) at different stages of clinical development, across technological platforms and types of clients in order to take into account the natural attrition of clinical development projects inherent to the pharmaceutical industry.
- In addition, the Group is launching the Registered Starting Material repatriation program, with the objective to optimize the capacity utilization of the manufacturing sites through the internalization of selected key raw materials and intermediates – the Group is purchasing externally, and through the repatriation of selected key raw materials and intermediates for third parties – as an additional CDMO activity.

Subsequently, by generating an increasingly substantial share of its business with customers other than Sanofi, particularly by approaching biotech companies and large players in the pharmaceutical industry (including the world's top ten pharmaceutical companies) through key account management, the Group intends to continue and to accelerate this reorientation of its portfolio toward CDMO in order to stimulate its growth prospects in this activity.

Improve the Group's operating margin

A dedicated team is tasked to continuously improve manufacturing processes in order to increase the capacity of the Group's sites and reduce production costs.

Moreover, the reorientation of the Group's portfolio toward the CDMO activities, particularly toward complex molecules that generate higher margins, and the increased level of differentiation of the API Solutions portfolio via unlocking of additional capacities for selected differentiated, high-contribution APIs i.e. prostaglandins, vitamin B12 and hormones, are expected to contribute to the improvement of the Group's industrial performance and its margins mix over the duration of the margin improvement plan and thereafter.

Improve the Group's cash generation

The Group plans to continue the efforts already made to improve cash generation. In addition to the improvement in profitability, this plan includes a goal to significantly reduce inventory levels, particularly through a decrease in cycle times, as well as through a program to optimize investments.

The Group has the ambition to reach an optimal level of inventory to optimize EUROAPI's working capital and improve the customer satisfaction. The program to reduce inventories will have the long-term effect of lowering inventories to industry standards, but will have a negative impact on the margin in the short term.

Strategic Review

Following the 2023 outlook downward revision of October 2023, the Group initiated a Strategic Review and carried out a comprehensive analysis of the company's operational strengths and weaknesses, expected net sales growth, and subsequent financial trajectory.

The review confirmed the long-term growth potential of the company as a leading CDMO and API supplier.

a) The merchant API market is expected to deliver a +6% to +8% CAGR between 2024 and 2028, with Tides (+10% CAGR), HP-APIs (+9.0% CAGR), and Biochemistry (+6.5% CAGR) leading the growth.

b) EUROAPI has one of the broadest CDMO portfolios, offering a diversified range of technology platforms to its customers.

c) EUROAPI benefits from state-of-the-art innovative technologies to better serve its customers.

d) Other than Sanofi, EUROAPI has built a broad 500+ customer base, from large Pharma and Biotech to Animal Health, Food, and Cosmetics.

To leverage its potential, the company launched the FOCUS-27 project, a comprehensive 4-year project that builds on EUROAPI's inner strengths to improve competitiveness and unlock sustainable and profitable growth potential.

The project is built on 4 pillars:

- a streamlined value-added API portfolio;
- a focused CDMO offer leveraging our recognized capabilities and technology platforms;
- a rationalized industrial footprint;
- a leaner organization with more efficient ways of working.

Streamlined value-added portfolio - Optimization of EUROAPI's API portfolio and focus on highly differentiated profitable products

The strategic review confirmed the potential of several highly differentiated and profitable products, mostly sold to clients other than Sanofi. The commercial strategy will be refocused on these APIs to foster profitable growth, notably:

- Large molecules, including Peptides and Oligonucleotides;
- HP APIs, including Prostaglandins, Corticosteroids and Hormones;
- Vitamin B12 and derivatives;
- Opiates.

The decision has been taken to discontinue 13 APIs with low or negative margins, including certain complex small molecules manufactured in Frankfurt and in Brindisi.

These undifferentiated molecules represented 8% of 2023 net sales. To take into account EUROAPI's contractual commitments and regulatory constraints, they will be phased out gradually between 2026 and 2027.

Focused CDMO offer, leveraging our recognized capabilities and technology platforms

The CDMO business will remain the main driver for growth and profitability, pending adjustments to enhance the organization's responsiveness and agility.

The portfolio will be progressively shifted towards more customized and high-value CDMO segments, with a focus on complex small molecules and complex tides.

The commercial strategy will be geared towards large biotech and big pharma companies, which accounted for 91% of the RFPs received in 2023. The goal is to increase the average value of the projects and de-risk the pipeline through late-stage projects while strengthening EUROAPIs' capabilities in HP-APIs, fermentation, and complex tides through value-added and customized offers.

Rationalized industrial footprint, prioritizing high-return CAPEX

The rationalization of the industrial footprint will allow for an increase in capacity utilization, with a targeted average utilization rate of 80% to 85%, in line with industry standards.

It will impact the Frankfurt site, and two workshops could be mothballed to rightsize the small complex chemistry capacities.

In light of the company's refocused commercial strategy on added-value APIs and the significant decrease in Sanofi's volumes, the Haverhill and Brindisi sites are considered for divestment. EUROAPI will continue to invest to ensure the required maintenance and compliance CAPEX as well as ongoing CMO activities while working on a potential divestment.

Prioritizing high-return projects, EUROAPI will invest between €350 and €400 million CAPEX between 2024 and 2027, with a focus on strategic growth initiatives, including increased capacities for Peptides and Oligonucleotides, Vitamin B12, and Prostaglandins.

Organizational transformation, and more efficient ways of working

Our organization strives to become more agile and efficient, which includes reducing headcount across all functions. In addition to optimizing its portfolio and rationalizing its industrial footprint, EUROAPI intends to implement a leaner operating model.

All functions, including industrial operations, quality, R&D, and support functions, will contribute to the cost savings initiatives, which could lead to headcount reduction across the organization.

On the road towards sustainability

The Group seeks to generate a sustainable performance, taking into consideration respect for extra-financial criteria and the achievement of the ESG objectives as a key priority in establishing its strategy.

The Group has defined ambitious targets concerning respect for the environment and the health and safety of its employees, which are described below.

It plans to:

- Reduce its carbon dioxide (CO_2) emissions related to its activities, including its industrial sites (scopes 1 and 2), by 30% by 2030 (from 2020), with the goal of being a carbon neutral company by 2050.
- Limit frequency rate of employee accidents that result in a work shutdown (LTI – Lost Time Injury) to 1.5 per 1,000,000 hours worked, and the rate of recordable work accidents (TRI – Total Recordable Injury) to 2.5 per 1,000,000 hours worked by 2025.
- Reach a percentage of 30% women on its expanded Executive Committee and among the principal executives in key Company positions by 2025.
- In 2023 the company has started its road toward compliance to the Corporate Sustainability Reporting Directive ("CSRD"(EU 2022/2464)). A double materiality matrix was performance, as well as a gap analysis and the readiness action plan, including a decarbonation road map to be aligned with Paris agreements.

The Group's ESG policy is described in detail in Chapter 5 "ESG-Corporate social responsibility" of the Universal Registration Document.

Euroapi - Brindisi (Italy)

2

CORPORATE GOVERNANCE AFR

This chapter includes parts of the Board of Directors' Corporate Governance Report (the "**Corporate Governance Report**") provided for in Article L. 225-37 of the French Commercial Code (*Code de commerce*). The other parts of the Corporate Governance Report are presented in Chapter 6 "Share capital and shareholding structure of the Company" and in Section 7.4 "Memorandum and Articles of Association" of the Universal Registration Document.

The Corporate Governance Report was approved by the Board of Directors during its meeting held on March 27, 2024 following its examination by the relevant Board's committees and has been submitted in full to the Company's Statutory Auditors.

The corporate governance reference framework used by EUROAPI is the AFEP-MEDEF Corporate Governance Code for listed companies in France (hereafter the "**AFEP-MEDEF Code**"). The Company's application of the recommendations contained in this Code is presented in Section 2.1.3 "Declaration of compliance with the corporate governance system in force" below.

Capitalized terms not otherwise defined in this chapter will bear the same meaning attributed to them in the Governance Glossary presented in Section 7.7 "Glossary" of the Universal Registration Document.

2.1 ADMINISTRATIVE, MANAGEMENT, SUPERVISORY AND EXECUTIVE MANAGEMENT BODIES

EUROAPI was established as a French simplified joint-stock company (*société par actions simplifiée*) and was transformed into a French public limited company (*société anonyme*) governed by a Board of Directors on May 4, 2022. The rules and operating procedures of the Board of Directors are defined by law, the Company's Articles of Association and the internal rules of the Board (the "**Board Charter**"). In addition, three specialized committees have been set up in order to enhance the Board's effectiveness and the Company's governance (see Section 2.2.2 "Committees of the Board of Directors" below).

Since May 4, 2022, the roles of Chair of the Board of Directors and of Chief Executive Officer of the Company were separated. On October 25, 2023, in connection with the launch of a strategic review of the Company's business, Karl Rotthier stepped down as Chief Executive Officer, effective as of October 30, 2023 and a selection process for a new Chief Executive Officer was launched. At the same time, the Board of Directors decided to combine the role of Chair and Chief Executive Officer and appointed Viviane Monges, Chair of the Board of Directors, to act as interim Chief Executive Officer to ensure the Company's business continuity during this selection process. In this context, the Board of Directors also decided to appoint Elizabeth Bastoni, Chair of the Nominations and Compensation Committee, as Lead Independent Director (the "Lead Independent Director").

On February 28, 2024, the Board of Directors decided to separate the functions of Chair of the Board and Chief Executive Officer and appointed Ludwig de Mot as Chief Executive Officer of the Company, effective as of March 1, 2024, to replace Viviane Monges who resigned from her role as interim Chief Executive Officer to continue only as Chair of the Board. The Board also decided that Elizabeth Bastoni, Chair of the Nominations and Compensation Committee, would continue to act as Lead Independent Director (see Section 2.1.1(c) "Governance structure/Executive management/Chair of the Board and Chief Executive Officer" below).

governance

50% women

60% of independence

54 middle-aged

Viviane Monges
Chair of the Board of Directors
●

Elizabeth Bastoni ● ●

Emmanuel Blin ● ●

Guillaume Mortelier
representing Bpifrance Investissement
●

Cécile Dussart ●

Claire Giraut ●

Mattias Perjos ●

Olivier Klaric
representing Sanofi-Aventis Participations
●

Géraldine Leveau
appointed on a proposal from the French State

Rodolfo J.Savitzky ●

Directors **4**

Independant Directors **6**

Kevin Rodier

2 Directors representing employees

Marie-Isabelle Penet

● = member of the Audit committee
● = member of the remuneration & Nomination committee
● = member of the ESG committee

AUDIT COMMITTEE

5 Meetings
95% Attendance rate
75% Independence rate

NOMINATION & COMPENSATION COMMITTEE

8 Meetings
100% Attendance rate
75% Independence rate

ESG COMMITTEE

3 Meetings
89% Attendance rate
67% Independence rate

2.1.1 Information about the Board of Directors and the Executive Management

(a) Composition of the Board of Directors

As of the date of the Universal Registration Document, the Board of Directors comprised 12 members, including two employee representatives, as described below:

	Personal information				Expe-rience	Position on the Board			Board committees[7]		
	Age	Gender	Nationality	Number of shares	Number of offices in listed companies	Independence	First appointment	Terms expires	Seniority (years)	Audit Committee	Nomination & Compensation Committee	ESG Committee
Viviane Monges[1], Chair of the Board of Directors	60	F	French	22,250	3	✖	May 4, 2022	2026 AGM	2			✓
Elizabeth Bastoni, Lead Independent Director	58	F	American	500	2	✓	May 6, 2022	2026 AGM	2	✓	✓	
Emmanuel Blin	54	M	French	500	0	✓	May 6, 2022	2026 AGM	2		✓	✓
Cécile Dussart	59	F	French	950	0	✓	May 6, 2022	2026 AGM	2			✓
Claire Giraut	67	F	French	509	0	✓	May 6, 2022	2026 AGM	2	✓		
Olivier Klaric[2]	62	M	French Belgian	28,298,074	0	✖	Mar 18, 2024	2026 AGM	<1	✓		
Géraldine Leveau[5]	40	F	French	N/A	0	✖	May 10, 2023	2026 AGM	<1			
Guillaume Mortelier[3]	46	M	French	11,283,226	1	✖	Feb 22, 2023	2026 AGM	1		✓	
Marie-Isabelle Penet[6]	57	F	French	446	0	✖	Jul 4, 2022	2027 AGM	2			
Mattias Perjos[4]	51	M	Swedish	1,527	0	✓	Jan 11, 2023	2026 AGM	1		✓	
Kevin Rodier[6]	39	M	French	446	0	✖	Jul 7, 2022	2024 AGM	2			
Rodolfo J Savitzky	61	M	Swiss Mexican	1,000	0	✓	Sep 1, 2022	2026 AGM	2	✓		

Note: The independence of the Directors is assessed by the Board of Directors on the basis of the criteria set out in the AFEP-MEDEF Code (see Section 2.1.1(j) "Independent Directors of the Board of Directors" below). Legend: ¢ for member or ¢ for chair.

(1) Viviane Monges was appointed as interim Chief Executive Officer, effective on October 30, 2023, and resigned from this position on March 1, 2024, to continue only as Chair of the Board.

(2) Permanent representative of Sanofi Aventis-Participations, appointed on March 18, 2024, to replace Olivier Klaric, member representing Sanofi-Aventis Participations, who resigned on March 18, 2024.

(3) Permanent representative of Bpifrance Investissement, appointed on February 22, 2023, to replace Benjamin Paternot, member representing Bpifrance Investissement, who resigned on February 22, 2023.

(4) Mattias Perjos was coopted as of January 11, 2023, to replace Corinne Le Goff who resigned from her Directorship as of January 11, 2023. Matthias Perjos' cooptation was ratified by the Annual Shareholders' Meeting of the Company held on May 11, 2023.

(5) Géraldine Leveau was coopted upon proposal of the French State for the remainder of Christophe Dantonel's term of office and subject to ratification by the 2024 Annual Shareholders' Meeting.

(6) Member representing the employees. In accordance with French law and the AFEP-MEDEF Code, Directors representing employees are not included in the calculation of the representation of men and women on the Board or the percentage of independent Directors.

Changes in the composition of the Board of Directors

The tables below present the changes in the composition of the Board of Directors and its committees from January 1, 2023 to the date of the Universal Registration Document.

In 2023:

	Departure	Arrival	Renewal
Board of Directors	Corinne Le Goff (January 11, 2023) Benjamin Paternot[1] (February 22, 2023) Jean-Christophe Dantonel[2] (April 30, 2023) Karl Rotthier (October 30, 2023)	Mattias Perjos (January 11, 2023) Guillaume Mortelier[1] (February 22, 2023) Géraldine Leveau[2] (May 10, 2023)	
Audit Committee		Rodolfo Savitzky (January 11, 2023)	
Nomination and Remuneration Committee	Benjamin Paternot[1] (February 22, 2023)	Guillaume Mortelier[1] (February 22, 2023) Mattias Perjos (January 11, 2023)	

(1) Permanent representative of Bpifrance Investissement.
(2) Member appointed upon proposal of the French State.

In 2024:

	Departure	Arrival	Renewal
Board of Directors	Adeline Le Franc[1] (March 18, 2024)	Olivier Klaric[1] (March 18, 2024)	N/A
Audit Committee	Adeline Le Franc[1] (March 18, 2024)	Olivier Klaric[1] (March 18, 2024)	N/A
Nomination and Remuneration Committee	N/A	N/A	N/A

(1) Permanent representative of Sanofi Aventis Participations.

(b) Profile, experience and expertise of members of the Board of Directors and the Executive Management

The profiles, experience and expertise of each of the directors and Chief Executive Officer are set out below, as well as the offices they have held in other companies for the past five years:

Viviane Monges

Chair of the Board of Directors

Summary of the main areas of expertise and experience:

Viviane Monges has more than 30 years of experience as a Finance Executive in the Pharmaceutical industry. She has held several regional and Global CFO positions for Wyeth/ Pfizer , Novartis OTC and Galderma, in Europe and in the US.
Throughout her carrier she has focused on Business growth, Operational efficiency, External acquisitions and licensing. Since 2017 she is now dedicating herself to board assignments and serves on the Board of Novo Holdings, UCB, ADC Therapeutics, Pharvaris. In 2021 she took charge of building the board of EUROAPI, spin off company of Sanofi, dedicated to API manufacturing and CDMO services. She is Chair of the Board since the listing on EURONEXT in May 2022. She also acted as interim CEO of EUROAPI from October 30, 2023 to March 1, 2024.

Main activities outside the Company: N/A

60, French

First appointement:
May 4, 2022

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025

Shares held:
22,250

Membership on Board committees:
ESG Committee (Member)

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- Novo Holdings, Member of the Board of Directors
- ADC Therapeutics(i), member of the Board of Directors and chair of the Audit Committee
- Pharvaris(i), member of the Board of Directors and Chair of the Audit Committee
- Ferring Pharmaceuticals, member of the Board of Directors

Offices that have expired in the past five years:

- DBV Technologies(1), member of the Board of Directors and Chair of the Audit Committee

(1) Listed company.

Competencies

Ludwig de Mot

Chief Executive Officer

Summary of the main areas of expertise and experience:

A graduate of KU Leuven University in Belgium, Ludwig de Mot worked for SCA Packaging between 1996 and 2006. He then joined Lhoist, the global lime and mineral-based products and solutions producer, where he held several executive positions in Europe, Asia, and North America until 2018. Ludwig de Mot served as Chief Executive Officer for various international companies, including ArcelorMittal Mining in Canada, McBride in the UK, Swissport in Switzerland and, more recently, Tereos in France. Since May 2022, Ludwig de Mot has been the Chair of the Board of ESCO Couplings and Transmissions (Belgium) and is also a member of the Board of Directors of Graymont (Canada) and VPK Packaging Group (Belgium).

Main activities outside the Company:N/A

61, Belgian

First appointment:
March 1, 2024

Term of office:
N/A

Shares held:
N/A

Membership on Board committees:
N/A

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- ESCO Group, Chair of the Board of Directors
- Graymont Limited, Board member
- VPK Packaging, Board member

Offices that have expired in the past five years:
- N/A

Elizabeth Bastoni

Lead Independent Director

Summary of the main areas of expertise and experience:

Elizabeth Bastoni began her career in international taxation at KPMG in Europe. She then held executive positions with international groups such as The Coca-Cola Company, Carlson and Thales. In addition to her executive roles in the consumer, hotel and technology sectors, Elizabeth Bastoni has more than 13 years of experience in governance and assists boards of directors and executives in establishing their business and social strategies. She is Chair of the Nomination and Compensation Committee and Lead Independent Director of the Company from October 30, 2023.

Main activities outside the Company: N/A

58, American

First appointment:
May 6, 2022

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025

Shares held:
500

Membership on Board committees:
Nominations and Compensation Committee (Chair)
Audit Committee (Member)

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- Jerónimo Martins[(1)], independent member of the Board of Directors and member of the Audit Committee
- CNH Industrial[(1)] independent director, Chair of the Human Capital Committee, and member of the ESG Committee

Offices that have expired in the past five years:
- Limeade, Inc[(1)] Chairman of the Board of Directors and Chair of the Nominations and Compensation Committee
- BIC SA[(1)], independent member of the Board of Directors and Chair of the Compensation Committee and the Nominations, Governance and ESG Committee

(1) Listed company.

Competencies

Emmanuel Blin

Independent director

Summary of the main areas of expertise and experience:

Emmanuel Blin is the founder and Chairman-Chief Executive Officer of Tech Care for All (TC4A), a social impact company with the goal of accelerating digital health in Africa and Asia as a key factor in improving health results in underserved communities. His vision is to establish a link between innovation in digital health in the United States, Asia, Europe and Africa and the numerous unmet health needs in Africa and Asia. His current commitment to world health makes him particularly sensitive to ESG imperatives.
Emmanuel Blin formed Tech Care for All (TC4A) in 2017 after 20 years spent in the pharmaceutical industry. He is a former member of the executive committee of Bristol-Myers Squibb, where he was Drector of strategy and co-director of marketing, after conducting a series of missions at the Head of National and Regional Operations in Europe, Asia and on the American continent. He brings extensive experience in the pharmaceutical industry, sales, public affairs and strategy.
Emmanuel Blin is President of Aignostics, a Berlin-based company specializing in artificial intelligence in oncology, where he has discovered new frontiers in pharmaceutical R&D.

Main activities outside the Company: Founder and Chairman-Chief Executive Officer of Tech Care for All (TC4A)

54, French

First appointment:
May 6, 2022

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025

Shares held:
500

Membership on Board committees:
Nominations and Compensation Committee (Member)
ESG Committee (Member)

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- UBEES Inc., member of the Board of Directors
- AIGNOSTICS GmbH, Chair and member of the Board of Directors

Offices that have expired in the past five years:
- N/A

Competencies

Cécile Dussart

Independent director

Summary of the main areas of expertise and experience:

Ms. Cécile Dussart was Vice President and Global Operations Director of Galderma from 2013 to 2022. She developed and deployed the strategic road map for operations, driven by Galderma's transformation program, including maintaining the quality and safety culture. She joined Galderma in 2005 as Human Resources Director of the Operations Division, before taking over the management of the Alby-sur-Chéran plant in France in 2008. Prior to joining Galderma, Ms. Dussart worked at Roche for more than eight years, where she held positions as Global Brand Manager and then Human Resources Manager. She started her career as a Brand Manager at Sanofi in 1990 and has a Master's degree in Pharmaceutical Marketing from the ESCP Europe business school. She also studied at IMD Business School in Switzerland and at INSEAD in France.

Main activities outside the Company: N/A

59, French

First appointment:
May 6, 2022

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025

Shares held:
950

Membership on Board committees:
ESG Committee (Chair)

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- N/A

Offices that have expired in the past five years:
- N/A

Competencies

Claire Giraut

Independent director

Summary of the main areas of expertise and experience:

Claire Giraut is an agronomy engineer and is a graduate of the Institut National Agronomique in Paris. She began her career by holding various positions, mostly in finance, within the Sanders group and then the Serete group. She then served as Chief Financial and Communication Officer of Coflexip Stena Offshore (listed company), then with the offshore branch of Technip after the acquisition of Coflexip. She then served as Executive Vice President and Chief Financial Officer at Ipsen, where she led the IPO, then served as Chief Financial Officer at Europcar. In her latest executive position, she was Chief Financial, Purchasing and IS Officer at BioMérieux (listed company). Claire Giraut has expertise in financial and accounting matters.

Main activities outside the Company: Chair of the Finance Commission of Institut Curie.

67, French

First appointment:
May 6, 2022

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025

Shares held:
509

Membership on Board committees:
Audit Committee (Chair)

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- N/A

Offices that have expired in the past five years:

- Member of the Board of Directors and Chair of the Audit Committee of DBV Technologies[1]

(1) Listed company.

Competencies

Olivier Klaric

Permanent representative of Sanofi Aventis Participations [Picture to be updated]

Summary of the main areas of expertise and experience:

Olivier Klaric Vice president at Sanofi, in charge of overseeing the Company's Financing, Treasury, and Insurance operations. His career in finance began in the banking sector in 1987, where he honed his skills across various international banks including Banco Europeo para America Latina (BEAL), Generale Bank, Mitsui Trust Bank Europe, and Banco Santander. His early experience laid a strong groundwork for his expertise in financial operations and international finance. Transitioning to corporate finance, he joined Alstom, where he played a pivotal role in the strategic debt restructuring of the group. Subsequently, as Treasurer at Mittal Steel, he has been instrumental in financing the takeover of Arcelor, a pivotal step in the creation of ArcelorMittal.

Main activities outside the Company: Vice president at Sanofi, in charge of overseeing the Company's Financing, Treasury, and Insurance operations

62, French, Belgian

First appointment:
March 18, 2024

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025

Shares held:
28,298,074

Membership on Board committees:
Audit Committee (Member)

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- Sanofi Pasteur Merieux, member of the Board of Directors and CEO
- Aventis Pharma, (co-managing director)
- Aventis Agriculture, member of the Board of Directors
- Sanofi European Treasury Center, Chair of the Board of Directors
- Carraig Insurance DAC, Director

Offices that have expired in the past five years:
- N/A

Competencies

Géraldine Leveau

Director designated upon proposal of the French State

Summary of the main areas of expertise and experience:

Géraldine Leveau was appointed Deputy Secretary General for Investment in 2021 by the French Prime Minister. She is co-piloting France 2030, a €54 billion plan to promote innovation and reindustrialization.
Previously, she was Advisor to the French Minister of Higher Education, Research and Innovation, and Head of the Office of Innovation Ecosystems at the Ministry of Economy and Finance.

Main activities outside the Company: Deputy Secretary General for Investment for the French Prime Minister

40, French

First appointment:
May 10, 2023

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025

Shares held:
N/A

Membership on Board committees:
N/A

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- N/A

Offices that have expired in the past five years:
- N/A

Competencies

Guillaume Mortelier

Permanent representative of Bpifrance Investissement

Summary of the main areas of expertise and experience:

Guillaume Mortelier is a graduate of the École Polytechnique and the École Nationale des Ponts et Chaussées.
Guillaume Mortelier began his career in 2003 at Bain & Company in Paris and San Francisco where he led business development missions in Europe and North America. Between 2007 and 2012, he made equity investments in French SMEs within the Astorg Partners fund and then in companies abroad (mainly in the Mediterranean and China) within Proparco.
In September 2012, Guillaume Mortelier joined CDC Entreprises, a constituent entity of Bpifrance, where he was appointed Director of Development and then Director of Strategy and Development in 2014. In December 2017, he became a member of the Mid & Large Cap Management Committee, in charge of creating and managing the International Build-up Fund.
Guillaume Mortelier was appointed Executive Director in charge of Support on August 1, 2018.

Main activities outside the Company: Executive Director of Bpifrance in charge of advisory services

46, French

First appointment:
February 22, 2023

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025

Shares held:
11,283,226

Membership on Board committees:
Nominations and Compensation Committee (Member)

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- SEB Group(1), member of the Board of Directors

Offices that have expired in the past five years:
- N/A

(1) Listed company.

Competencies

Marie-Isabelle Penet

Director representing employees

Summary of the main areas of expertise and experience:

Marie-Isabelle Penet is currently Global Senior Process Manager at EUROAPI and has a deep knowledge of process engineering. She began her career at the Centre National de la Recherche Scientifique (CNRS-French National Centre for Scientific Research) before moving to Altran as an engineer. She then became laboratory head at Rhône-Poulenc before taking roles of increasing responsibilities at Sanofi. Marie-Isabelle Penet is an engineer in Chemical Engineering by training (ENSIC school) and holds a PhD in Fluid Mechanic. She is also certified in project economic assessment and as such a member of the Société Française pour l'avancement du Management de Projet (French Society for the Advancement of Project Management). She is a member of the board of the Advanced Process Engineering commission of the Société Française de Génie des Procédés (SFGP-French Society of Process Engineering).

Main activities outside the Company: N/A

57, French

First appointment :
July 4, 2022

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2026

Shares held:
446

Membership on Board committees:
N/A

Current offices:

Offices and positions in Group companies:
- Global senior process manager

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- N/A

Offices that have expired in the past five years:
- N/A

Competencies EUROAPI Active Solutions for Health

Mattias Perjos[1]

Independent director

Summary of the main areas of expertise and experience:

Mattias Perjos is currently President and Chief Executive Officer of Getinge, a listed company on the Stockholm Stock Exchange, which he joined in 2017. He previously held the CEO position at Coesia IPS Division and Coesia International (2012-2017). Prior to that, Mattias Perjos was CEO of Flexlink (2006-2016) and held other leading roles within the group which he joined in 1998. A Swedish citizen, Mattias Perjos holds a Master's degree of Science in Industrial Engineering and Management.

Main activities outside the Company: President and Chief Executive Officer of Getinge

51, Swedish

First appointment:
January 11, 2023

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025

Shares held:
1,527

Membership on Board committees:
Nominations and Compensation Committee (Member)

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- N/A

Offices that have expired in the past five years:
- N/A

(1) Appointed by cooptation, subject to the ratification by the Annual General Meeting on May 11, 2023.

Competencies

Kevin Rodier

Director representing employees

Summary of the main areas of expertise and experience:

Kevin Rodier is currently the HSE QT correspondent at the “120” workshop in EUROAPI Vertolaye (Puy-de-Dôme), a site where he has 16 years' seniority. After a year spent in the "Operational Excellence" department, he returned to the "Production" department. Kevin Rodier began his career as a production technician before becoming a supervisor in various workshops. He holds a Brevet de Technicien Supérieur (BTS) in chemistry.

Main activities outside the Company: N/A

39, French

First appointment:
July 7, 2022

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2023

Shares held:
446

Membership on Board committees:
N/A

Current offices:

Offices and positions in Group companies:
- HSEQT in production

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- N/A

Offices that have expired in the past five years:
- N/A

Competencies

Rodolfo J. Savitzky

Independent director

Summary of the main areas of expertise and experience:

Rodolfo Savitzky holds a Bachelor's degree in Industrial and Systems Engineering from the Monterrey Institute of Technology (ITESM) in Mexico, as well as advanced degrees in Economics and Finance from the Autonomous Institute of Technology of Mexico (ITAM), complemented by an MBA from the University of Chicago (Booth School of Business) in the United States. With P&G, he worked in Mexico and then was transferred to Switzerland. He later took on regional functions (Finance Director for the Beverage Division in Europe, then for the Beauty Care Division in Latin America). In 2002, he joined the Pharmaceutical Division of Novartis, first as Head of Finance for the Ophthalmic Division, then as Head of the Strategic Planning and Analysis Group. He was subsequently appointed CFO of the Animal Health Division. In 2015, Rodolfo left Novartis and joined Lonza, where he became CFO and member of the Executive Board in 2016. At the end of 2021, he left Lonza and joined SoftwareONE as CFO and member of the Executive Board.

Main activities outside the Company: Group Chief Financial Officer of SoftwareONE

60, Swiss, Mexican

First appointment:
September 1, 2022

Term of office:
Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025

Shares held:
1000

Membership on Board committees:
Audit Committee (Member)

Current offices:

Offices and positions in Group companies:
- N/A

Offices and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies):
- N/A

Offices that have expired in the past five years:
- Unilabs, Member of the Board of Directors and Chairman of the Audit Committee

Competencies

(c) Governance structure/ Executive management/Chair of the Board and Chief Executive Officer

In accordance with the terms of Article 16 of the Company's Articles of Association, the Board of Directors has the option to separate the offices of Chair of the Board of Directors and Chief Executive Officer of the Company. On May 4, 2022, the Board of Directors decided to separate the offices of Chair of the Board and Chief Executive Officer and to appoint Viviane Monges as Chair of the Board of Directors and Karl Rotthier as Chief Executive Officer of the Company.

On October 25, 2023, in connection with the launch of a strategic review of the Company's business, Karl Rotthier stepped down as Chief Executive Officer, effective as of October 30, 2023 and a selection process for a new Chief Executive Officer was launched. The Board of Directors decided to combine the role of Chair and Chief Executive Officer and appointed Viviane Monges, Chair of the Board of Directors, as interim Chief Executive Officer to ensure the Company's business continuity during the recruitment process. As a result of the combination of the Chair of the Board's functions with those of the Chief Executive Officer, the Board also decided to appoint Elizabeth Bastoni as Lead Independent Director of the Board of Director in compliance with the recommendation of the AFEP-MEDEF Code.

The Board considers that the separation of the functions of Chair of the Board and Chief Executive Officer is a governance structure that ensures a distinction between, on the one hand, the definition of strategy and the monitoring of its implementation by the Company, which are the responsibility of the Board of Directors, and, on the other hand, the operational and executive functions, which are the responsibility of the executive officers.
Consequently, on February 28, 2024, the Board of Directors decided to separate the functions of Chair of the Board and Chief Executive Officer. Concurrently, they appointed Ludwig de Mot as Chief Executive Officer of the Company, effective as of March 1, 2024 to replace Viviane Monges who resigned from her role as interim Chief Executive Officer to continue only as Chair of the Board.

The Board believes the separation of functions allows EUROAPI to benefit from both Viviane Monges' expertise and experience in corporate governance and Ludwig De Mots' managerial and operational skills.

(d) Powers of the Chair and the Chief Executive Officer

The Chair organizes and directs the work of the Board of Directors, and is accountable for this to the shareholders' meeting. The Chair ensures that the Company's management bodies operate properly and in particular that the directors are capable of fulfilling their duties.

The Chair shall not be over the age of 70.

The Chief Executive Officer shall have the broadest powers to act in all circumstances on behalf of the Company, subject to powers expressly granted by law to the Board of Directors and shareholders' meetings, and to the limitations below.

Prior approval from the Board of Directors acting by a simple majority of its members present or represented (the amounts mentioned below are amounts exclusive of tax) shall be required for the following:

- the approval or modification of the Group's strategic model;
- the approval or modification of the orientation of the Company and the companies it controls (annual budget and medium-term business plan of the Group);
- any acquisition, joint venture or other long-term partnership/collaboration (excluding agreements concluded with customers or suppliers in the normal course of business) or any material change in the shareholding of another company:
  - other than those with a value of less than €10 million for transactions relating to a previously authorized strategy;
  - other than those with a value of less than €2 million for transactions not related to a previously authorized strategy;
- any divestment or sale (including sale of a business or transfer of key assets), termination of joint ventures or other long-term partnerships (excluding agreements entered into with customers or suppliers in the normal course of business) representing net revenue or net carrying amount greater than €10 million;
- any merger, spin-off or partial contribution of assets relating to the Company or any significant subsidiary, in each case for a unit value greater than €10 million;
- any capital expenditure commitment or other liability (actual or contingent) greater than €10 million if it relates to a previously authorized strategy;

- any capital expenditure commitment or other liability (actual or contingent) greater than €2 million if it does not relate to a previously authorized strategy;
- any divestment or sales of assets with a net carrying amount of more than €1 million;
- the conclusion, modification or termination of any commercial contract with an annual or cumulative value of more than €50 million or with a term of more than five (5) years;
- the introduction or modification of any retirement plan or any reorganization of the workforce entailing a total cost to the Group of more than €25 million;
- the adoption or modification of any bonus, profit-sharing or other equivalent arrangement for any member of the Executive Committee;
- the introduction or modification of stock option plans or free share plans of the Company or any Group company (or any other similar instrument) for the benefit of the Group's Executive Corporate Officers and/or employees or certain categories of them;
- the delisting of the Company;
- any decision to initiate, or to settle, as plaintiff or defendant, litigation, arbitration or other legal proceedings with a value of €25 million or more per proceeding or which may have a significant impact on the Group's reputation;
- the implementation of any insolvency, dissolution or liquidation proceedings (or any similar proceedings in each applicable jurisdiction), in respect of the Company or its significant subsidiaries;
- the application for listing or delisting of debt securities with a value of more than €100 million;
- any significant decision or modification relating to the Company's existing significant financing documentation, including taking any action or refraining from taking any action that would result, or could reasonably be expected to result, in a breach of the existing significant financing documentation;
- entering into or amending any borrowing or debt transaction in any form (including factoring and leasing) greater than €25 million, except for: (i) intra-group borrowings; or (ii) drawings under any existing group revolving credit facility for working capital purposes;
- the creation or modification of any encumbrance, assignment, lease, rental or granting of any security interest by way of guarantee or otherwise in all or part of the group's assets, including real estate or intellectual property rights, except those: i) related to the provision of goods and services in the ordinary course of business, including supplier factoring and supply chain financing; or ii) with a value of less than € 50 million; and
- any issuance of financial guarantees or parent company guarantees in excess of an aggregate amount of €25 million.

(e) Role and duties of the Board of Directors

The Board has the roles and powers conferred upon it by law, the Company's Articles of Association, and the Board Charter. The Board of Directors is the governing body of EUROAPI.

The Board, in particular:

- determines the orientations of the Company's business and in particular its strategy and ensures their implementation, including with regard to the CSR objectives set by the Company;
- subject to the powers expressly attributed to the shareholders' meetings and within the limits of the corporate purpose, deals with any issue concerning the proper operation of the Company, settles matters concerning it and carries out any controls and verifications it deems appropriate;
- appoints the Chair of the Board, the Chief Executive Officer and the Deputy Chief Executive Officers and sets their compensation, if any;
- authorizes the agreements and commitments referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code;
- periodically reviews the succession plan for the Company's Chief Executive Officers and Executive Corporate Officers drawn up by the Nominations and Compensation Committee;
- proposes the appointment of the statutory auditors to the shareholders' meeting;
- prepares the Board's report on corporate governance and internal control; and
- prepares the draft resolutions referred to in Article L. 225-37-2 of the French Commercial Code and the related report.

The Board ensures the quality of the information provided to shareholders and markets.

(f) Role and duties of the Lead Independent Director

The Board of Directors may appoint a Lead Independent Director from among its independent members, and determine his or her duties.

The term of office of the Lead Independent Director is the same as his or her term of office as a member, or any shorter term decided by the Board, with the understanding that the Board and/or the Lead Independent Director are entitled to terminate the Lead Independent Director's term of office at any time, without such termination entailing the termination of his or her term of office as a Board member.

Unless otherwise decided by the Board of Directors, the Lead Independent Director is entrusted with the following missions:

- act as liaison between the independent members, the Chair and the Chief Executive Officer;
- direct and advise the Board of Directors, without undermining the authority of the Chair, in the event of a conflict of interest;
- chair meetings of the independent members and any meetings of the Board of Directors in the absence of the Chair and, where applicable, the Vice-Chair, including closed sessions of the independent members;
- act as mediator in order to facilitate the resolution of any dispute involving the Chair;
- lead the evaluation of the Chair by the Board of Directors and;
- is a key contact to engage with EUROAPI's shareholders on topics related to the Board of Directors' responsibilities.

On October 30, 2023, Elizabeth Bastoni, independent member of the Board and Chair of the Nominations and Compensation Committee has been named Lead Independent Director (see Section 2.2.1(e) "Activities of the Lead Independent Director" below).

(g) Age requirements and term of office of members of the administrative, management or supervisory bodies

The term of office of Directors is four (4) years. The term of office of a Director expires at the end of the Annual Shareholders' Meeting called to approve the financial statements for the previous financial year and held in the year in which the term of office of the Director expires.

As an exception, the term of office of certain Directors may be shorter under the following conditions:

- for the sole purpose of implementing or maintaining the rotation of the terms of Directors, if possible, by thirds every year, the ordinary shareholders' meeting may elect one or more Directors to a term of one (1) year, two (2) years or three (3) years (see Section 2.1.3. "Declaration of compliance with the corporate governance system in force" below);
- in order to take into account the elections of the employee scope which took place in the last quarter of 2023, Kevin Rodier, first Director representing the employees, was appointed for a period of two (2) years. The next director representing the employees to be designated by the most representative of EUROAPI's trade union, will be appointed for a period of four (4) years, in compliance with the Company's Articles of Association (see section 2.1.1(I) "Employee representatives" below);
- Marie-Isabelle Penet, second Director representing the employees, was initially appointed for a period of one (1) year, renewable, as long as a European Social and Economic Committee (*Comité Social et Economique* – CSE) had not been set up. The European Social and Economic Committee (*Comité Social et Economique* – CSE) was set up on July 6, 2023 and Marie-Isabelle Penet was reelected for a period of four (4) years, in compliance with the Company's Articles of Association (see section 2.1.1(I) "Employee representatives" below).

The number of Directors who are over the age of 70 may not exceed one third of the Directors in office. If this limit is exceeded during the term of office, the oldest Director is automatically deemed to have resigned at the end of the next shareholders' meeting.

The Chair shall not be over the age of 70 and the duration of the Chair's term of office may not exceed his or her term of office as Director.

The duration of the Chief Executive Officer, which may or may not be fixed, is set by the Board of Directors. When the Chief Executive Officer is a director, his term of office may not exceed his term of office as member of the Board. The Chief Executive Officer may not be older than the age of 65.

(h) Diversity policy applied to the Board of Directors and management bodies

Criteria	Policy and targets	Implementation and results achieved
Age and term of Directors	◦ Staggered terms ◦ No more than one-third of Directors over the age of 70	• Staggered terms to be implemented at the next renewal of the Board of Directors, at 2026 Annual Shareholders' Meeting. • Targets achieved, given that no Board members are over 70 years old and the average age on the Board at December 31, 2023 was 53 years old.
Balanced representation of women and men	◦ Balanced representation of women and men on the Board of Directors, without taking into account the Directors representing the employees in compliance with French law. ◦ Balanced representation of women and men on the Board committees, without taking into account the Directors representing the employees. ◦ Improving the balanced representation of women and men in executive management positions.	• As of the date of this Universal Registration Document, 50% of the Directors were women (45% in 2022). • All Board committees are chaired by women. The Board's Audit Committee comprises 1 women out of 4 members, the Nominations and Compensation Committee comprises 1 woman out of 4 members and the ESG Committee comprises 2 women out of 3 members. • 33% of the Executive Committee members are women (21% in 2022).
Nationalities - International profiles	◦ The Board ensures that its composition and that of its committees are balanced, by taking steps to ensure that its missions and those of its committees are carried out with the necessary independence, competence and objectivity.	• The Board currently includes Directors from France, the U.S., Sweden, a French-Belgian binational and a Mexican-Swiss binational. In addition, most of the Company's Directors have significant international experience, as they hold, or have held, positions or Directorships in foreign companies or exercise key roles outside France.
Independence of Directors[1]	◦ The Board ensures that independent members (pursuant to the criteria provided for in the AFEP-MEDEF Code) represent at least a half of the members of the Board, at least two-thirds of the members of the Audit Committee and more than a half of the members of the Nominations and Compensation Committee. In accordance with the AFEP-MEDEF Code, Directors representing employees are not taken into account when calculating the percentage of independent Directors.	As of the date of the Universal Registration Document: • 60% of the members of the Board of Directors are considered independent (63% in 2022); • 75% of the members of the Audit Committee are considered independent (75% in 2022); • 75% of the members of the Nominations and Compensation Committee are considered independent (66% in 2022); • 67% of the members of the ESG Committee are considered independent (100% in 2022).

(1) See Section 2.1.1(j) "Independent Directors of the Board of Directors" of the Universal Registration Document for more information on the independent Directors.

(i) Board's competencies matrix

	In-depth EUROAPI knowledge	Clients / Retail	Innovation	Finance	ESG	Manufacturing	Management	International
Viviane Monges	O			O	O		O	O
Elizabeth Bastoni				O			O	O
Emmanuel Blin		O	O		O		O	O
Cécile Dussart					O	O	O	O
Claire Giraut				O		O	O	O
Olivier Klaric				O	O		O	O
Géraldine Leveau			O	O			O	
Guillaume Mortelier			O	O	O		O	
Marie-Isabelle Penet	O		O		O	O	O	O
Mattias Perjos		O	O			O	O	O
Kevin Rodier	O					O		
Rodolfo J Savitzky		O		O		O	O	O
Competencies metrix	25%	25%	42%	58%	50%	50%	92%	75%

(j) Independent Directors of the Board of Directors

Pursuant to the AFEP-MEDEF Code, a Director is considered "independent" when she/he has no relationship of any kind whatsoever with the Company, the Group or its management that may interfere with his or her freedom of judgement. An independent director is understood to be any non-executive director of the Company or the Group who has no particular bonds of interest (significant shareholder, employee, etc.) with them. The Board of Directors and the Nominations and Compensation Committee use the criteria provided for in the AFEP-MEDEF Code to assess the independence of the Directors on an annual basis as well as in the event of the cooptation, the appointment or the renewal of a Director.

The Board of Directors, during its meeting of March 27, 2024, reviewed the analysis carried out by the Nominations and Remunerations Committee regarding the independence of the members of the Board of Director, on the basis of the following criteria of the AFEP-MEDEF Code.

- Criterion 1: Not be and not have been within the previous five years:
  - an employee or Executive Corporate Officer of the Company;
  - an employee, Executive Corporate Officer or Director of an entity consolidated within the Group;
  - an employee, Executive Corporate Officer or Director of the Company's parent company or a company consolidated within this parent company.

- Criterion 2: Not be an Executive Corporate Officer of a company in which the Company (currently or within the last five years) holds a directorship, directly or indirectly, or in which an employee appointed as such or an Executive Corporate Officer of the Company holds a directorship.
- Criterion 3 : Not be a customer, supplier, commercial banker, investment banker or consultant:
  - that is significant to the Company or its Group;
  - or which the Company or its Group represents a significant portion of its activity.
- Criterion 4: Not have close family ties with a Company's Director or Corporate Officer.
- Criterion 5: Not have been a company Auditor within the previous five years.
- Criterion 6: Not have been a company Director for over 12 years. Independent director status is lost on the date of the 12th anniversary.
- Criterion 7: A Non-Executive Corporate Officer cannot be considered independent if he or she receives variable compensation in cash or securities or any compensation linked to the performance of the Company or Group.
- Criterion 8: Directors representing major shareholders in the Company or its parent company may be considered independent, provided these shareholders do not have control over the Company. Nevertheless, in excess of 10% of the share capital or voting rights, the Board, upon a report from the Nominations and Remunerations Committee, should systematically review independence in the light of the shareholding structure and the existence of a potential conflict of interest.

After reviewing the analysis of the Nominations and Compensation Committee regarding the independence of the Directors, the Board of Directors considered that Elizabeth Bastoni, Claire Giraut, Cécile Dussart, Emmanuel Blin, Mattias Perjos and Rodolfo Savitzky were independent directors pursuant to the criteria set out above.

The Board of Directors also acknowledged the loss of independence of Viviane Monges, pursuant to the provisions of the AFEP-MEDEF Code, as from October 30, 2023, as a result of the combination of the functions of Chair of the Board of Directors and Chief Executive Officer of the Company.

In addition, both the Board and the Nominations and Compensation Committee examined any business relations that may exist between the Company, its Directors, and the companies (advisory / consultancy / management firms) and institutions in which the Company's Directors are also Directors or Corporate Officers. The conclusions of the review were that, with the exception of Cécile Dussart, none of the members of the Board of Director considered as independent have any business relations with the Company.

The Board considered Cécile Dussart to be an independent director after having reviewed the remits of her specific assignment (see Section 2.2.1. "Specific assignment entrusted to a Director") of the Universal Registration Document and concluded that:

- the missions entrusted to Cécile Dussart under this assignment do not grant Cécile Dussart the powers to act in the name and/or on behalf of the Company vis-à-vis third-parties or the powers to be involved in strategic decision or in the day-to-day management of the Company; and
- the compensation granted to Cécile Dussart under this specific assignment is not material to both the Company (as it represents less than 0.003% of the Group's consolidated revenue) and Cécile Dussart.

Criteria[1]	Viviane Monges[2]	Elizabeth Batsoni	Emmanuel Blin	Géraldine Leveau[3]	Cécile Dussart	Claire Giraut	Olivier Klaric[4]	Guillaume Mortelier[5]	Mattias Perjos	Rodolfo Savitzky
Criterion 1: Executive corporate officer or employee during the previous five years	✖	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 2: Cross directorships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 3: Significant business relations	✓	✓	✓	✓	✓	✓	✖	✓	✓	✓
Criterion 4: Family ties	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 5: Statutory auditor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 6: Term of office greater than 12 years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 7: Status of non-executive corporate officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Criterion 8: Major shareholder status	✓	✓	✓	✖	✓	✓	✖	✖	✓	✓
Independent	✖	✓	✓	✖	✓	✓	✖	✖	✓	✓

(1) In this table, ✓ indicates that an independence criterion is met and ✖ indicates that an independence criterion has not been met.
(2) Viviane Monges was appointed interim Chief Executive Officer, effective on October 30, 2023, and resigned from this position on March 1, 2024, to continue only as Chair of the Board.
(3) Géraldine Leveau was coopted upon proposal of the French State for the remainder of Christophe Dantonel's term of office and subject to ratification by the 2024 Annual Shareholders' Meeting.
(4) Olivier Klaric is the permanent representative of Sanofi Aventis Participations, member of the Board of Directors of the Company.
(5) Guillaume Mortelier is the permanent representative of Bpifrance Investissement, member of the Board of Directors of the Company.

(k) Selection process for candidates as Directors

In the event of a vacancy on the Board of Directors, or when it has been decided to strengthen certain skills within the Board of Directors, and in particular to appoint or co-opt an independent Director, a procedure for selecting a new Director is followed by the Nominations and Compensation Committee.

The Nominations and Compensation Committee first identifies the competencies needed by the Board of Directors, while ensuring compliance with the diversity policy established by the Board (see section 2.1.1(h) "Diversity policy applied to the Board of Directors and management bodies" above).

With the support of internal resources and a firm specializing in recruitment when needed, the committee draws up a list of potential candidates taking into account the following criteria: (i) balance of the composition of the Board of Directors regarding the composition and the evolution of the shareholding of the Company, (ii) number of independent Directors targeted, (iii) gender balance between women and men requested by law, (iv) the opportunity to renew terms of office and (v) integrity, competencies, experience and independence of each candidate.

The Nominations and Compensation Committee then interviews each of the proposed candidates and makes an initial selection, then organizes interviews with additional Directors before retaining the candidate or candidates it feels best meet the selection criteria it has identified.

Finally, the Nominations and Compensation Committee makes a recommendation to the Board of Directors, which analyzes the profile(s) presented to it and, after deliberating on the suitability of the candidate(s), may propose the appointment of one of them to the Annual Shareholders' Meeting.

In 2023, the Nomination and Compensation Committee followed this selection process in order to replace Corine le Goff (see Section 2.1.1(a) "Composition of the Board of Directors" of the Universal Registration Document). On January 11, 2023, the Board of Directors decided, upon recommendation of the Nominations and Compensation Committee, to co-opt Mattias Perjos as member of the Board of Directors for the remainder of the term of office of Corinne le Goff whose resignation became effective on the same day. This appointment was ratified by the Annual Shareholders' Meeting held on May 11, 2023.

The Board considers that the addition of Mattias Perjos as a member has enabled the Board to benefit from his international skills and experience in the healthcare and industrial sectors, acquired in particular while working for major international groups.

Furthermore, on May 10, 2023, the Board of Directors co-opted Géraldine Leveau upon proposal of the French State for the remainder of Christophe Dantonel's term of office and subject to ratification by the Company's shareholders. Therefore, the 2023 Annual Shareholders' Meeting will be asked to ratified the appointment of Géraldine Leveau. The Board considers that the addition of Géraldine Leveau as a member has enabled the Board to benefit from her recognized expertise in innovation and reindustrialization.

(l) Employee representatives

Pursuant to the provisions of Article L. 225-27-1 and Article L. 22-10-7 of the French Commercial Code, the Articles of Association of the Company provide for the appointment of two Directors representing employees on the Board of Directors (see Section 7.4 “Memorandum and Articles of Association” of the Universal Registration Document). Subject to the specific legal provisions applicable to them, Directors representing employees are subject to all legal and statutory provisions (including the provisions of the Board Charter), and have the same rights and are subject to the same obligations as those applicable to Directors.

In accordance with Article L. 225-27-1, III, 3° of the French Commercial Code, the first Director representing employees, Kévin Rodier, was appointed in July 2022 by the trade union organization that received the most votes in the first round of the last elections held prior that date, as acknowledged by the Board of Directors' meeting held on August 29, 2022. Kévin Rodier was appointed for two-year term ending at the end of the 2024 Annual Shareholders Meeting. During the last quarter of 2023, new trade union organization elections took place. The trade union organization that received the most votes in the first round has re-named Kevin Rodier effective at the end of the 2024 Annual Shareholders’Meeting.

In the absence of an European Social and Economic Committee (*Comité Social et Economique* – CSE), the second Director representing employees, Marie-Isabelle Penet, was first appointed in July 2022 by the trade union organization that received the most votes in the first round of the last elections held prior that date in accordance with the provisions of the Company’s Articles of Association, as acknowledged by Board of Directors' meeting held on August 29, 2022. Marie-Isabelle- Penet was initially appointed for a renewable period of one year ending at the end of the Annual Shareholders’ Meeting held on May 11, 2023 and was reappointed on July 6, 2023 as Director representing the employees for a four-year term ending at the end of the 2027 Annual Shareholders’ Meeting, by the Company’s European Social and Economic Committee established in 2023.

The Board does not have any Directors representing employee shareholders, as the amount of the Company’s capital held by employees does not exceed the 3% threshold that triggers the requirement for such a Director, as set in Articles L. 225-23 and L. 22-10-5 of the French Commercial Code (see Section 5.4.6 “Ensure fair employee compensation and benefits” of the Universal Registration Document.

(m) Succession plans

Anticipating and ensuring a smooth succession process for the Corporate Officers of the Company is one of the Board’s main responsibilities. To this end, the Board has entrusted the Nominations and Compensation Committee to put in place succession plans for the Company’s Corporate Officers in compliance with the provisions of the AFEP-MEDEF Code.

This includes:

- short term: unexpected succession (e.g. resignation, separation, incapacity, death);
- medium term: accelerated succession (e.g. poor performance, lack of management); and
- long term: planned succession (e.g. retirement, end of the term of office).

The Nominations and Compensation Committee provides the Board with progress reports, in particular at executive sessions, and works closely with the Chair and the Chief Executive Officer to ensure overall consistency of the succession plan and to ensure a continuity in the key positions.

On the recommendation of the Compensation and Remunerations Committee, the Board regularly reviews and approves the succession plans aimed at covering any unforeseeable or sooner-than-expected vacancies (notably due to death, separation, incapacity or resignation) for the positions of Chair of the Board of Directors and/or Chief Executive Officer. This plan sets out several possible solutions that could be envisaged if any of these events were to occur, and can remain in force without requiring an annual review. The Nominations and Compensation Committee provides the Board with progress reports, in particular during executive sessions, and works closely with the Executive Corporate Officers of the Company to ensure overall consistency of the succession plans and to ensure a continuity in the key positions.

In 2023, on the recommendation of the Nominations and Compensation Committee, the Board reviewed and validated the content of the succession plans for the Corporate Officers of the Company.

2.1.2 Declaration of Directors

(a) Statements concerning the members of the Board of Directors and the Executive Corporate Officers

To the best of the Company's knowledge, over the past five years: (i) no Director or Corporate Officer of the Company has been convicted of fraud; (ii) no Director or Corporate Officer has been associated with a bankruptcy, protection, liquidation or receivership; (iii) no charge and/or official public sanction has been brought against a Director or a Corporate Officer of the Company by a court or regulatory authority (including recognized professional bodies); and (iv) no Director or Corporate Officer of the Company has been stripped by a court of the right to serve as a member of an administrative, management or supervisory body of an issuer or to manage or conduct business for an issuer of securities.

(b) Conflicts of interest at the level of the administrative, management and executive management bodies

To the best of the Company's knowledge, there are no potential conflicts of interest between the duties of the Directors or of the Corporate Officers of the Company and their private interests as of the date of the Universal Registration Document.

As of the date of the Universal Registration Document and to the Company's knowledge, there are no restrictions accepted by the members of the Board of Directors concerning the sale of their equity interest in the Company's share capital, with the exception of the rules relating to the prevention of insider trading and the recommendations of the AFEP-MEDEF Code that impose an obligation to retain shares.

The Company and its subsidiaries have executed with Sanofi and its subsidiaries certain agreements related to the manufacture, supply, distribution and development of certain APIs, intermediates and other substances, the provision of services, as well as licensing agreements (see Section 3.1.1 "Description of the Prior Reorganization Transactions" of the Universal Registration Document). It should be noted that Sanofi, through its subsidiary Sanofi-Aventis Participations, has only one representative out of a total of twelve members on the Board of Directors of the Company, and that Sanofi and EUROAPI do not share any Executive Corporate Officers.

2.1.3 Declaration of compliance with the corporate governance system in force

The Company refers to the recommendations of the AFEP-MEDEF Code, which can be consulted on the Internet at the following address: http://www.medef.com.

The Company complies with the provisions of the AFEP-MEDEF Code, with the exception of the following points:

- the terms of office of the members of the Board of Directors will all expire at the Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025 (except for the Directors representing the employees). The staggering of terms of office will therefore not comply with recommendation 15.2 of the AFEP-MEDEF Code, which recommends avoiding a block renewal of the members of the Board of Directors, all of the members of the Board of Directors being appointed simultaneously, on the occasion of the Company's initial listing which will occur once. On the other hand, the Articles of Association provide that by exception and in order to exclusively allow the implementation or continuation of the staggering of the terms of office of the directors, the ordinary shareholders' meeting may appoint one or more Directors for a period of one year, two years or three years. The Board of Directors will consider a staggered term policy for the Directors that will be proposed for appointment, or reappointment as the case may be, at the 2026 Annual Shareholders' Meeting; and
- The Nominations and Compensation Committee does not include any Director representing the employees and its composition shall therefore not comply with recommendation 19.1 of the AFEP-MEDEF Code. After a period of onboarding, the Company intends to comply with this recommendation during 2024 as one of the Directors representing the employees is expected to join the Nominations and Compensation Committee in the second quarter of 2024.

2.2 BOARD OF DIRECTORS ACTIVITIES

2.2.1 Activities of the Board of Directors

(a) Attendance

In 2023, the Board of Directors met 9 times, including executive sessions with an attendance rate of 93%.

	Board of Directors	Audit Committee	Remuneration & Nomination Committee	ESG Committee
Viviane Monges, Chair of the Board[1]	100%			100%
Elizabeth Bastoni,	100%	100%	100%	
Emmanuel Blin	100%		100%	100%
Géraldine Leveau [2]	50%			
Cécile Dussart	89%			67%
Claire Giraut	100%	100%		
Adeline Le Franc [3]	100%	80%		
Guillaume Mortelier[4]	88%		100%	
Rodolfo J Savitzky	89%	100%		
Mattias Perjos[5]	100%		100%	
Marie-Isabelle Penet[6]	100%			
Kevin Rodier[6]	100%			
Directors whose directorship ended (on expiration of their term of office or through resignation) during 2023				
Karl Rotthier[7]	100%			
Jean-Christophe Dantonel	67%			
Corinne Le Goff	NA			
Benjamin Paternot	0%			

(1) Viviane Monges was appointed interim Chief Executive Officer, effective on October 30, 2023 was appointed interim Chief Executive Officer, effective on October 30, 2023, and resigned from this position on March 1, 2024, to and resigned from this position on March 1, 2024, to continue only as Chair of the Board continue only as Chair of the Board

(2) Géraldine Leveau was coopted upon proposal of the French State for the remainder of Christophe Dantonel's term of office and subject to ratification by the 2024 Annual Shareholders' Meeting.

(3) Member representing Sanofi-Aventis Participations.

(4) Member representing Bpifrance Investissement, appointed on February 22, 2023, to replace Benjamin Paternot, member representing Bpifrance Investissement, who resigned on February 22, 2023.

(5) Mattias Perjos was coopted as of January 11, 2023, to replace Corinne Le Goff who resigned from her directorship as of January 11, 2023.

(6) Directors representing the employees.

(7) Karl Rotthier was a member of the Board of Directors and the CEO of the Company until October 30, 2023.

(b) Assessment of the Board's operating procedures

The Board Charter provides that once a year, the Board shall devote an item on its agenda to the evaluation its operation and, at least every three years, it shall carry out a formal evaluation under the direction of the Nominations and Compensation Committee or an independent Director, with the assistance of an outside consultant where appropriate. The purpose of this evaluation is to ensure the effective operations of the Board, and to measure the contribution of each member to the work of the Board, particularly in terms of skills and involvement.

The Board undertook a self-assessment in 2023, decided at its meeting held on October 25, 2023, upon the recommendation of the Nominations and Compensation Committee. This assessment took the form of a written questionnaire sent to all the Directors through a digital platform that allow the Board to conduct its self-assessment on an anonymous basis. This written questionnaire was supplemented by oral interviews with the Directors and a list of items for improvements or changes was drawn up and presented to the Board of Directors. All the members of the Board of Directors in office at that date participated in the self-assessment exercise.

The Chair of the Nominations and Compensation Committee, and Lead Independent Director led this self-assessment exercise and submitted the findings for discussions first to the Nomination and Compensation Committee and then to the Board of Directors at its meeting held on December 9, 2023. These conclusions are described below.

On the positive side, there is an agreement that EUROAPI has the right team in place at the board level as measured by the Board's size, skill set, experience, and diversity. The Directors feel comfortable challenging recommendations and believe that their peers come prepared for discussions. On the more substantive matters, the Board has progress to make in the areas of strategy, risk, and in particular executive talents. The assessment shows that there is general dissatisfaction with the quality and timeliness of the board papers.

(c) Executive sessions

Directors who are not Executive Corporate Officers meet regularly, and at least once a year, without the presence of the Directors who also qualify as such, in particular to assess the performance of the Corporate Officers, and to review their succession plans.

Nine executive sessions were held.

Prior to the combination of the Chair of the Board's functions with those of the Chief Executive Officer on October 30, 2023, the executive sessions were chaired by Viviane Monges in its capacity as Chair of the Board of Directors.

The executive sessions that were held from October 30, 2023 to March 1, 2024, were chaired by Elizabeth Bastoni in her capacity as Lead Independent Director, Viviane Monges did not participate in the Executive sessions while she was Chief Executive Officer of the Company.

Viviane Monges resigned from her position as interim Chief Executive Officer, effective on March 1, 2024, and with that, resumed the responsibility of chairing the Executive sessions.

As of the date of the Universal Registration Document, the Board's executive sessions are chaired by Viviane Monges, in her capacity as Chair of the Board of Directors.

(d) Activities of the Board of Directors

In 2023, the main activities of the Board of Directors were the following:

- Strategy and growth, including evaluation of strategic options;
- Financial statements and results:
  - review of the company and consolidated financial statements for the first half of 2023, review of the related draft press releases;
  - presentation of the 2024 budget;
- Budget and Group risks;
- Corporate governance:
  - review of the composition of the Board of Directors and its committees, proposed ratification of the cooptation of a new Director at the 2024 Annual General Meeting;
  - examination of the independence of each of the members of the Board of Directors pursuant to the criteria set out in the AFEP-MEDEF Code;
  - review of the Board of Directors' management report, the Corporate Governance Report, the non-financial performance statement (D*eclaration de performance extra-financière*) and the reports of the statutory auditors;
  - the notice of meeting for the 2023 Annual Shareholders' Meeting; (i) the draft resolutions submitted to the approval of the 2023 Annual Shareholders' Meeting and (ii) the report of the Board of Directors on these resolutions;
  - review of the succession plans for the Corporate Officers;
  - review of the selection process for candidates as Directors.
- Remuneration policy;
  - executive session: determination of the 2023 variable remuneration of the Chief Executive Officer, the 2024 compensation policies of the Chief Executive Officer, of the interim Chief Executive Officer and of the Chair of the Board, plus an update on fixed and variable compensation of some members of the Executive Committee ;
  - say on pay: preparation of the draft resolutions proposed to the 2023 Annual Shareholders' Meeting (ex-ante vote on the remuneration policy for 2024 for the Chair of the Board of Directors and the Chief Executive Officer and ex-post votes on the remuneration due or paid to Directors and Corporate Officers of the Company with respect to the financial year 2022);
  - external benchmark review, Chief Executive Officer performance;
  - review of the draft resolutions submitted for approval to the 2024 Annual Shareholders' Meeting;
  - repartition of the sum allocated to Directors for 2023, principles of allocation for 2024;
- ESG matters: Roadmap and KPIs implementation, CSRD and Decarbonation planning.

(e) Activities of the Lead Independent Director

Elizabeth Bastoni, independent member of the Board and Chair of the Nominations and Compensation Committee has been named Lead Independent Director on October 30, 2023.

The main activities of the Lead Independent Director were the following:

- Meeting of Independent Directors.
- Executive Sessions.
- Recruitment of Chief Executive Officer.

(f) Specific assignment entrusted to a Director

At its meeting held on October 25th, 2023, the Board of Directors of the Company decided, on the recommendation of the Nominations and Compensation Committee to entrust Mrs. Cécile Dussart, independent Director, with a specific and temporary assignment in compliance with the provisions of the Company's Board Charter.

The purpose of this assignment is to facilitate the induction and integration process for the Company's new Chief Operating Officer (COO). Cécile Dussart will assist the COO in its training on the Company's operations, procedures and corporate culture and will be the COO's point of contact for all questions relating to the knowledge of the Company, its business, organization, teams and processes. Upon the COO's request, Mrs. Cécile Dussart will also be able to accompany him in either internal or external meetings as an observer without taking part in the discussions. This assignment started on November 1, 2023, for a 6-month period as determined by the Board of Directors.

It is however specified that Cécile Dussart may not participate or be involved in any strategic decision relating to the proper running of the Company and its development and that this specific assignment shall not be construed as granting Cécile Dussart the powers to act in the name and/or on behalf of the Company vis-à-vis third-parties or as involving Cécile Dussart in the day-to-day management of the Company.

The Board of Directors also decided that Cécile Dussart (i) be compensated at the rate of €5,000 (exclusive of VAT) per month in consideration of the services rendered pursuant to this assignment, and (ii) be reimbursed of all reasonable and necessary travel expenses in connection with the mission, in accordance with the Company's expense and travel reimbursement policy.

This specific assignment and the remunerations granted to Cécile Dussart have been submitted to the prior approval of the Board of Directors pursuant to the provisions of Article L. 225-38 *et seq.* of the French Commercial Code on the related-party regulated agreements (*conventions réglementées*) in compliance with the provisions of the AFEP-MEDEF Code and will be submitted for approval to the 2024 Annual Shareholders' Meeting.

2.2.2 Committees of the Board of Directors

(a) Audit Committee

Composition

As of the date of the Universal Registration Document, the Audit Committee is composed of Claire Giraut (Chair and independent director), Olivier Klaric[1] (representative of Sanofi Aventis Participations), Elizabeth Bastoni (independent director) and Rodolfo J. Savitzky (independent director)[2].

The members of the Audit Committee have the necessary financial and accounting skills due to their professional experience and their good knowledge of the Group's accounting and financial procedures (see Section 2.1.1(i) "Board's competencies matrix" of the Universal Registration Document).

Assignments

The duty of the Audit Committee is to monitor issues relating to the preparation and control of accounting and financial information and to ensure the effectiveness of the risk monitoring and operational internal control system and, if applicable, to make recommendations to ensure its integrity, in order to help the Board of Directors exercise its control and verification duties in this area.

In this context, the Audit Committee has the following principal tasks:

- monitoring the financial reporting process;
- monitoring effectiveness of the internal control, internal audit and risk management systems that could materially affect the Company's financial statements;

[1] *Rodolfo J Savitzky was appointed as a member of the Board's Audit Committee by the Board of Directors during its meeting held on January 11, 2023 to replace Corinne Le Goff who resigned from her office as director on the same day.*
[2] *Olivier Klaric, as permanent representative of Sanofi-Aventis Participation replaced Adeline Le Franc as a member of the Audit Committee on March 18, 2024*

- monitoring the statutory audit of the financial statements and, where applicable, the consolidated financial statements by the Company's statutory auditors;
- recommendation on the statutory auditors proposed for appointment or renewal by the shareholders' meeting;
- monitoring the independence of the statutory auditors;
- periodic monitoring of the status of major disputes;
- taking note of regulated agreements; and
- reviewing and monitoring the systems and procedures in place to ensure the dissemination and application of policies and rules of good practice in matters of ethics, competition, fraud and corruption and more generally compliance with the regulations in force.

The Audit Committee shall report regularly to the Board of Directors on the performance of its duties and shall inform the Board of Directors without delay of any difficulties encountered.

The Audit Committee meets as often as the interests of the Company so require and at least four times a year to review the annual, interim and, where applicable, quarterly financial statements (in each case consolidated where applicable).

The Audit Committee may interview any Director, Corporate Officer or member of the management of the Company, and carry out any internal or external audit on any subject it deems appropriate. It may be assisted for this purpose by one or more external advisors of its choice, after first informing the Board of Directors. In particular, the Audit Committee may interview any person involved in the preparation or control of the accounts, such as the Chief Financial Officer and senior employees of the Company's finance department.

The Audit Committee interviews the Statutory Auditors. It may interview them without any representative of the Company being present. The Audit Committee may also interview the Company's financial officers, including without the presence of members of the management, if the Audit Committee so wishes.

If they deem it necessary for the performance of their duties, Audit Committee members may ask to be provided with any accounting, legal or financial document.

Main Activities

In 2023, the Audit Committee met 5 times with an attendance rate of 95%.

In 2023, the main activities of the Audit Committee were the following:

- interview of the Company's Chief Financial Officer and of key finance executives, review of the closing options for the first half and for the full year 2023, of the closing procedures, and of the finance organization;
- review of the Company and of the consolidated financial statements for the full year 2022 and for the first half of 2023 with the management of the Company and the statutory auditors, including off-balance sheet commitments as well as of related press releases;
- interview of the statutory auditors on their risk assessment and internal control considerations, on the 2023 audit plan, and on their reports for the full year 2022 and for the first half 2023;
- review of the 2023 Budget before presentation to the Board;
- review of the 2023 financial forecasts prepared by Management;
- review of the risk management and of the risk mapping;
- interview of the person responsible for the internal audit and risk control of the Company, and review of the internal control processes and conclusions; validation of the yearly internal audit plan, review of internal audit reports, and of the follow-up of remediation plans. Review of the Board of Directors' management report, and of the description of risk factors contained in the Universal Registration Document;
- validation of the statutory audit fees.

(b) Nominations and Compensation Committee

Composition

As of the date of the Universal Registration Document, the Nominations and Compensation Committee is composed of Elizabeth Bastoni (Chair and independent director), Emmanuel Blin (independent director), Guillaume Mortelier (representative of Bpifrance Investissement)[3] and Mattias Perjos (independent director)[4].

[3] *Permanent representative of Bpifrance Investissement, appointed on February 22, 2023, to replace Benjamin Paternot, member representing Bpifrance Investissement, who resigned on February 22, 2023.*
[4] *Mattias Perjos was appointed as a member of the Board's Nominations and Remunerations Committee by the Board of Directors during its meeting held on May 11, 2023.*

Assignments

The Nominations and Compensation Committee is a specialized committee of the Board of Directors whose main tasks are to assist the Board in (i) the composition of the administration and management bodies of the Company and its Group and (ii) the determination and the regular assessment of all remuneration and benefits of the Company's Directors and Corporate Officers, including all deferred benefits and/or voluntary or forced departure severance pay granted to Corporate Officers.

With regard to nominations, the Nominations and Remunerations Committee has the following main tasks:

- regular review of the composition of the Board of Directors and proposals for the appointment of members of the Board of Directors and of the Board committees as well as for the appointment of Corporate Officers; and
- the annual assessment of the independence of the members of the Board of Directors.

With regards to compensation, the Nominations and Compensation Committee has the following main tasks:

- review and proposal to the Board of Directors concerning all elements and conditions of the remuneration of the Group's employees that are classified as Executive Committee members;
- recommendation and proposal to the Board of Directors concerning all elements and conditions of the remuneration of the Group's Corporate Officers; and
- review and proposal to the Board of Directors concerning the method for allocating remuneration for the activities of the Board of Directors.

The Nominations and Compensation Committee meets whenever it deems necessary and, in any event, at least two times a year. Pursuant to the AFEP-MEDEF Code, the Nominations and Remunerations Committee may ask the Executive Corporate Officers of the Company to contribute to the work of the committee with regard to nominations matters.

Main Activities

In 2023, the Nominations and Compensation Committee met 8 times with an attendance rate of 100%.

In 2023, the main activities of the Nominations and Remunerations Committee were the following:

- fixed and variable compensation of the Executive Corporate Officers, including the severance package for the departing Chief Executive Officer and the package for the new Chief Executive Officer;
- review of the performance criteria applicable to annual variable compensation;
- review of the fixed and variable compensation of some members of the Executive Committee;
- setting the amount of compensation allocated to Directors for 2023 and principles for allocating Directors' compensation between Board members for 2024;
- review of the Board of Directors' management report and the Corporate Governance Report;
- review of the succession plans for the Corporate Officers;
- review of the selection process for candidates as Directors;
- the notice of meeting for the 2023 Annual Shareholders' Meeting: (i) the draft resolutions on compensations submitted to the approval of the 2024 Annual Shareholders' Meeting and (ii) the report of the Board of Directors on these resolutions; and
- changes in the composition of the Board and its committees, annual review of the independence of the Directors, proposed cooptation of Directors, and start of the recruitment process for a new Chief Executive Officer for the Company.

In 2023, the Chief Executive Officer of the Company input to the work of the Nominations and Compensation Committee with regard to nominations matters where her/his input was required.

(c) ESG Committee

Composition

As of the date of the Universal Registration Document, the ESG Committee is composed of Cécile Dussart (Chair and independent member), Viviane Monges (Chair of the Board of Directors) and Emmanuel Blin (independent member).

Assignments

As part of its assignments, the ESG Committee carries out the following duties in particular:

- review of the guidelines, objectives and issues related to the Company's ESG policy;
- ensuring the consideration of issues falling within the scope of ESG in the Group's strategy and in its implementation;
- monitoring and control of the main environmental, social and societal risks of the Group;
- monitoring and control of the main environmental, social and societal risks of the Group;

- review of the reports drafted pursuant to legal and regulatory obligations in the area of ESG; and
- review of the Group's commitments to sustainable development with regard to the challenges specific to its business activity and its objectives.

The ESG Committee shall report regularly to the Board of Directors on the performance of its duties and shall inform it without delay of any difficulties encountered. The ESG Committee meets as often as necessary and, in any event, at least two times a year.

Main Activities

In 2023, the ESG Committee met 3 times with an attendance rate of 89%.

In 2023, the main activities of the ESG Committee were the following:

- review of EUROAPI's ESG commitments and of the extent to which those commitments and objectives meet stakeholders expectations;
- monitoring the rollout of ESG programs and its integration in EUROAPI's strategy; and
- review of the non-financial performance statement (*declaration de performance extra-financière*).

2.2.3 Services agreements

As of the date of the Universal Registration Document, none of the Directors or Corporate Officers of the Company, with the exception of Ludwig De Mot, Chief Executive Officer of the Company, who may be entitled to the non-compete and termination indemnities described in Section 2.3.1 "Remuneration policy for Directors and Executive Directors in 2024" of the Universal Registration Document, is party to service contracts with EUROAPI or the Group providing for benefits upon termination of employment.

2.3 REMUNERATION AND BENEFITS

The compensation policy for corporate officers for 2023 was decided by the Board of Directors at its meeting of February 27, 2023 , based on the recommendation of the Nomination and Compensation Committee.

In accordance with Article L.22-10-8 of the French Commercial Code, and the principles defined in the AFEP/MEDEF Corporate Governance Code. The policy presented in this section will be submitted for approval to the 2024 Annual Shareholders' Meeting.

2.3.1 Remuneration policy for Directors and Executive Directors in 2024

Remuneration policy of the members of the Board of Directors

The Company's Annual Shareholders' Meeting of May 11, 2023, set the overall compensation for Directors at the annual amount of €1,100,000.

2024 policy will remain unchanged with the exception of the creation of the Lead Independent Director the 30th of October 2023, the envelope will be maintained at €1.100.000.

Upon recommendation of the Nomination and Compensation Committee, the Board of Directors freely distributes among its members the compensation allocated to the Board by the Shareholders' Meeting, taking into account, in accordance with the recommendations of the AFEP-MEDEF Code, the effective participation of directors in Board and committee meetings. The Board of Directors examines whether the level of compensation allocated to directors is appropriate in view of their duties and responsibilities.

The Directors receive a fixed remuneration, the amount of which depend on their actual attendance at Board meetings and the scope of the Board's work. If one board member has an attendance less than 80% of the meetings calculated in September, the fixed remuneration is reduced accordingly.

As an exception, Adeline le Franc, then, Olivier Klaricthe representatives of Sanofi-Aventis Participations, Guillaume Mortelier, the representative of Bpifrance Investissement, Géraldine Leveau, the representative of the French state and the Directors representing employees will not receive any remuneration with respect to their Directorship for the 2024 fiscal year.

The remuneration policy is as follows:

For each director:

- A fixed portion of €60,000 per annum; and
- For the Lead Independent Director an additional fixed portion of € 40.000 per annum.

For directors serving on a Board committee :

- Audit Committee:
  - For the Chair, an additional fixed amount of €25,000 per annum;
  - For the other members, an additional fixed portion of €10,000 per annum.
- Nominations and Compensation Committee:
  - For the Chair, an additional fixed amount of €25,000 per annum;
  - For the other members, an additional fixed portion of €10,000 per annum.
- ESG Committee:
  - For the Chair, an additional fixed amount of €15,000 per annum;
  - For the other members, an additional fixed portion of €10,000 per annum.

In addition to the remuneration policy described above, directors traveling from a non-European country to attend meetings of the Board of Directors will receive an additional remuneration of €4,000 per trip.

If the total amount due exceeds the allocation package, then all variable remuneration of the Board of Directors and the committees may be adjusted downward proportionately in order to remain within the package.

This remuneration policy for directors may be revised annually and shall be subject to the approval of the shareholders' meeting in accordance with the provisions of Article L. 22-10-8 of the French Commercial Code.

The Board of Directors shall also have the option of granting additional remuneration in the event of ad hoc work.

Compensation of the Chair of the Board of Directors

In order to propose the compensation structure for the Chair of the Board of Directors, the Nomination and Compensation Committee relies on studies of external consultants indicating market practices for comparable companies. It also takes into account the specific tasks entrusted to the Chair of the Board as detailed in the Board Charter available on the website (https://www.euroapi.com/en/investors/governance/business-ethics-and-compliance/documentation).

The remuneration policy for the Chair of the Board has a single fixed component without any variable compensation.

The Chair of the Board does not receive additional compensation for being member of the Board of Directors.

On the 28th of February, 2024, the Board of Directors decided, on the recommendation of the Nominations and Remunerations Committee that the fixed annual compensation of Viviane Monges as Chair of the Board of Directors for 2024 will remain at 300,000 euros.

The compensation policy for the Chair of the Board may be revised annually and shall be subject to the approval of the 2024 Annual Shareholders' Meeting in accordance with the provisions of Article L. 22-10-8 of the French Commercial Code.

Compensation policy for executive officers

Principles applicable to all executive officers

The Board of Directors follows the general guidelines, drawn up within the framework of the recommendations of the AFEP-MEDEF Code, for the determination, review and implementation of its compensation policy.

It takes constant care to ensure that the various components that make up the compensation of executive directors result in compensation that is competitive, fair, comprehensible, consistent and performance related. The compensation components of executive directors, whether vested or potential, are made public after the decision of the Board of Directors meeting having determined them.

This is reflected in the following manner:

- Alignment of the executive director's compensation with the short- and long-term interests of shareholders;
- Balance short- and long-term compensation, discouraging short-term risk-taking without compromising long-term results;
- Use the support of an independent external consulting firm;
- Implement the performance criteria linked to the Group's long-term strategy, taking ESG issues into account;
- Ensure that the executive director's compensation is consistent with the compensation policy for the Group's employees, and in particular that of the members of the Executive Committee;
- Ensure that the performance conditions prevail in the compensation of the Company's Executive Corporate Officers.

The work of the Nominations and Compensation Committee is structured around three to four meetings throughout the year with intermediate preparatory work carried out by its Chair, Management and/or a third party consultant. The compensation policy for EUROAPI's Executive Corporate Officers for the 2024 fiscal year was discussed and examined by the Nominations and Remunerations Committee during four meetings held between December 2023 and February 2024, before being proposed to and approved by the Board of Directors.

In accordance with Article L. 22-10-8 III of the French Commercial Code, in exceptional circumstances, the Board of Directors may, on the recommendation of the Nomination and Compensation committee, adapt certain provisions of the compensation policy, provided that this exemption is temporary, in accordance with the corporate interest and necessary to guarantee the sustainability or viability of the Company.

The compensation policy for the Executive Corporate Officers described hereafter may be revised annually and shall be subject to the approval of the Annual Shareholders' Meeting in accordance with the provisions of Article L. 22-10-8 of the French Commercial Code

Compensation policy of Viviane Monges as Chief Executive Officer of the Company from November 2023 until March 1,.2024:

Between October 30, 2023 and February 29, 2024, Viviane Monges, Chair of the Board of Directors, was also Chief Executive Officer.

The Board of Directors upon the recommendation of the Nomination and Compensation Committee, has decided to award Viviane Monges' additional remuneration for the duration of her dual role to recognize the additional responsibilities. In addition to her remuneration as Chair of the Board of Director, Viviane Monges is entitled to:

- a fixed time-based remuneration: an additional gross remuneration of €820 per working day, prorated to the working day performed, up to a maximum of €18,250 per month; and
- benefit in kind: Viviane Monges is a Swiss resident. To compensate for housing costs In Paris for the duration of her assignment as CEO, she was awarded a housing allowance up to €3,000 to refund her living expenses while in Paris, subject to submission of receipts.

Compensation of executive officers

When the Nomination and Compensation Committee proposes to the Board the compensation of executive officers, it ensures that the rules applied are consistent with the annual appraisal of the individual performance of the Group's executives as well as the Company's performance. It also takes into account all of the Company's strategic, financial and corporate social responsibility objectives, the interests of shareholders and other stakeholders and any changes to the AFEP-MEDEF Code.

To ensure appropriate global benchmarks that match EUROAPI's global business, WTW, a leading global remuneration consultancy, has been engaged to provide peer group surveys for France and for Europe. In 2022, the Board of Directors has validated a peer group which has a global scope and transformation challenge that is considered similar to that EUROAPI. They are considered equivalent in term of sales, headcount and market capitalization.

The peer group panels for the Executive Director are as follows:

- French companies: Assystem, Interparfums, Quadient, Manitou BF, Somfy, Vetoquinol, Vilmorin & Cie, Virbac.
- European companies : Alk -Abello, Corbion, Dechra Pharma, Evotec, Hexpol AB, Polypetide, Siegfried, Victrex.

The panel is reviewed every few years. No changes to the peer group were made in 2023.

The Committee ensures that none of the components of the compensation package is disproportionate and analyzes the compensation package as a whole by taking into account all of its components: fixed compensation, variable compensation, long-term incentive plan, supplementary pension plan and benefits-in-kind. Variable components make up a predominant portion of the compensation paid to executive officers.

Fixed compensation

The fixed compensation package for executive officers is determined by taking into account the level and complexity of their responsibilities, their experience in the position, and market practices for comparable groups and companies. An early review is possible if the scope of responsibilities changes significantly or the comparison of compensation with the benchmark panel reveals a significant gap.

At its meeting of February 28, 2024, the Board of Directors decided that the Chief Executive Officer, Ludwig de Mot would receive fixed annual compensation of €517,000, which is between the first quartile and the median of the panel.

Annual variable compensation

Executive officers are entitled to annual variable compensation for which the Board of Directors, upon the recommendation of the Nomination and Compensation Committee, defines each year performance criteria that are diverse, demanding, precise and pre-defined, allowing for a comprehensive performance analysis, aligned with the Company's challenges and strategy and shareholders' interests. The assessment of the performance is based on a balance between predominant collective criteria and individual criteria, both operational and managerial.

The Board of Directors defines the target rate and the maximum rate of annual variable compensation annually as a percentage of the annual fixed compensation. It determines the proportion of collective and individual objectives and the corresponding set of criteria.

Payment of the annual variable compensation due to executive officers is subject to its approval by the Annual Shareholders' Meeting.

At its meeting of March 27, 2024, the Board of Directors set the objectives of the Chief Executive Corporate Officers variable compensation for 2024. The target rate of annual variable compensation is defined as 60% of the annual fixed compensation. The variable compensation may vary based on the achievement of objectives set by the Board of Directors, from 0% to 150% of his annual fixed compensation.The actual payment will be determined based on the fulfillment of the following objectives:

Criteria	Weighting
Free cash Flow (before financing) in amount	25%
Core EBITDA margin (in %)	25%
Focus 2027 Implementation	30%
People and Culture	15%
ESG target	5%

In the event of a significant change in the Group's reporting perimeter, the Board may decide to adjust these criteria accordingly.

The financial objectives were set in line with the Group's strategy and on the basis of the budget validated by the Board of Directors on February 28, 2024.

The individual objectives and their weighting for 2024 are as follows :

- Implement Focus 27 - 30% :
  - Implement Inventory reduction according to plan to deliver the cash savings (10%)
  - Secure the financing of the strategic plan and the company together (15%)
  - Implement the adjustment of the industrial footprint (5%)
- People and Culture - 15%
  - Ensure Key leadership positions are filled with the right talent
  - Ensure Key leadership positions are empowered with the resources needed to achieve their objectives
- ESG Target
  - Safety ; Completion rate of 7 Management Safety Visit in 2024 for eligible managers
  - Increase gender balance (40% women in Senior leadership positions)

Payment of annual variable compensation for the Chied Executive Officer will be subject to approval at the 2025 Annual Shareholders' Meeting of the resolution related to the total compensation and benefits-in-kind paid in 2024 or granted to the Chief Executive Officer for 2024 under Article L.225-100 of the French Commercial Code.

Long-term compensation

The Group's long-term compensation policy is part of a global strategy to increase loyalty and align approximately 120 to 150 of the group's executives and high potential employees for the success of its ambitious medium and long term objectives. Each long-term incentive plan is subject to prior approval by the Annual Shareholders' Meeting.

Performance shares and stock options are valued in accordance with IFRS and must not represent a percentage that is disproportionate to the overall compensation and shares granted to each executive officer.

Executive officers who receive performance shares formally undertake not to use hedging instruments during the vesting period.

Executive officers may not sell their vested shares during certain "blackout" periods, in accordance with the applicable legal and regulatory requirements and the Group's "Insider dealing" procedures.

Executive officers who are dismissed from their position forfeit their right to any shares that have not yet vested on the date of their removal. On retirement, executive officers maintain their rights to performance shares on a *pro rata temporis* basis unless the Board of Directors decides otherwise with good reason. On departure for other reasons, performance share rights are maintained unless the Board of Directors decides otherwise, upon the recommendation of the Nomination and Compensation Committee.

The value of the shares granted to the Chief Executive Officer should not exceed, on the grant date, a maximum of 130% of his fixed annual compensation.

Shareholding obligation

In accordance with the law and the procedures adopted periodically by the Board of Directors, executive directors must hold a significant and increasing number of shares.

Executive officers are thus required to hold, in registered form and for as long as they remain in office, 25% of the performance shares that they receive at the end of the vesting period. This requirement applies unless the Board of Directors decides otherwise in view of the executive officer's situation and particularly taking into account the objective of holding an increasing number of shares received under such plans.

Exceptional compensation

Highly specific circumstances may warrant the award of exceptional compensation to executive officers (e.g., due to their importance for the Company; the involvement they demand and the difficulties they present). The allocation of exceptional remuneration is non-recurring, justified and disclosed by the Board.

Its payment is subject to approval by the Annual Shareholders' Meeting and the amount is capped at 100% of the beneficiary's fixed compensation.

Benefits for taking up a position

Pursuant to the provisions of the AFEP-MEDEF Code, benefits for taking up a position may only be granted to a new Executive Corporate Officer who has come from a company outside the Group. The payment of this benefit, which may take a number of different forms, is intended to compensate the Executive Corporate Officer for the loss of the entitlements from which s/he previously benefited before joining the Group.

This indemnity would be arranged so as to reflect the type, risk profile and the vesting horizon of the lost benefits.

This indemnity must be explicitly indicated and its amount must be made public at the time it is determined, including in the event of periodic or deferred payment. It cannot be higher than the value of the entitlements lost by the new Executive Corporate Officer upon leaving his or her previous position.

Commitments given to executive officers

All commitments given to executive directors are authorized by the Board of Directors and submitted for approval to the Annual Shareholders' Meeting. Details can be found in section 7.4.5. Shareholders' meeting (Articles 21, 22, 23 and 24 of the article of association) of this document.

Non-compete indemnity

The Chief Executive Officer will be subject to a non-compete undertaking, whose geographic scope 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 (including the actual amount of the last known bonus).

In accordance with Article 25.3 of the AFEP-MEDEF Code, non compete undertaking contains a provision allowing the Board of Directors to waive the implementation of the non-compete undertaking upon the departure of the Chief Executive Officer (in which case no non-compete indemnity will be payable).

Moreover, in accordance with Article 25.4 of the AFEP-MEDEF Code, the non-compete indemnity shall not be payable if the Chief Executive Officer exercises his pension rights. In any event, no indemnity shall be paid beyond the age of 65.

Termination indemnity

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 compensation 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 Core EBITDA margin, Free Cash Flow over a two-year observation period except for year 2024, which will only take into account the year 2024 for the observation period.

In the event of the CEO's departure, for any reason during the first 24 months of his service with EUROAPI, the Company's Board of Directors may decide not to pay any termination indemnity.

Termination and non-compete indemnities

Pursuant to the recommendations of the AFEP-MEDEF Code, the Board of Directors specifically authorized (i) the conclusion of the above-mentioned non-compete undertaking, 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 termination 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 termination indemnities may not exceed 24 months' remuneration (including fixed and annual variable remuneration).

Supplementary pension plan

Executive directors can be covered by a supplementary pension plan, called "Article 82" (French General Tax Code) set up by the Group for certain Executive Levels.

Annual contributions to the plan paid by the Company can correspond to a maximum of 15% of the beneficiary's 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.

Welfare plans and unemployment insurance plan

Executive Director benefit from Group pension and welfare plans (medical, disability, invalidity and death) under the same terms and conditions as EUROAPI employees.

Benefits-in-kind

Executive officer can benefit from the use of a company car or a car allowance. Executive officer can also benefit from reimbursement of expenses up to a maximum of €4,500 per month for travels and hotels from his home office.

Other components of compensation

Executive officers do not benefit from multi-annual or deferred variable compensation in cash. The Board of Directors prefers to use a share-based mechanism to strengthen the alignment of the executive officers' interests with those of shareholders. They are also not entitled to any compensation in respect of their term of office as Director.

Discontinuance of the employment contract in case of appointment as a corporate office

When a senior executive of the Group becomes Chief Executive Officer, Deputy Chief Executive Officer or Chairman and CEO of the Company, the employment contract with the Company is terminated either contractually or by resignation, unless the Board of Directors decides otherwise with a thoughtfully considered decision.

2.3.2 Director's remuneration for 2023

Pursuant to the compensation policy for the members of the Board of Directors approved by the Annual Shareholders' Meeting held on May 11, 2023, Viviane Monges, the representative of Sanofi-Aventis Participations, the representative of Bpifrance Investissement, Géraldine Leveau and the Directors representing employees did not receive any remuneration with respect to their Directorship for 2023.

Of the €1,100,000 allocated by the Company's Annual Shareholders' Meeting held on May 11, 2023, a total of € 808,250 in remuneration was paid to directors in 2023 and allocated as follows among the independent members of the Board of Directors.

Table 3 (AMF nomenclature): Table on the remuneration paid to directors and other compensation received by non-executive corporate officers

Directors' remuneration has been validated by the Board of Directors meeting dated March 7th, 2023.

In €	FY 2022		FY 2023	
Non executive corporate officers	Gross amount due	Gross amount paid	Gross amount due	Gross amount paid
Elizabeth Bastoni				
Remuneration (including fixed and variable remuneration)	90,000	90,000	111,750	101,750
Other remuneration	24,000	24,000	28,000	28,000
Emmanuel Blin				
Remuneration (including fixed and variable remuneration)	61,000	61,000	81,500	81,500
Other remuneration	—	—		
Cécile Dussart				
Remuneration (including fixed and variable remuneration)	52,000	52,000	67,750	67,750
Other remuneration	—	—		
Claire Giraut				
Remuneration (including fixed and variable remuneration)	72,000	72,000	89,750	89,750
Other remuneration	—	—		
Corinne Le Goff				
Remuneration (including fixed and variable remuneration)	58,000	58,000	NA	NA
Other remuneration	8,000	8,000	NA	NA
Mattias Perjos				
Remuneration (including fixed and variable remuneration)			65,500	65,500
Other remuneration				
Rodolfo Savitzky				
Remuneration (including fixed and variable remuneration)	22,000	22,000	74,000	74,000
Other remuneration	—	—		

The compensation Policy has been changed during the year 2023:

- *For the first quarter 2023, the directors received both fixed and variable remuneration, the amount of which depended on their effective attendance at Board meetings and Board Committees according the the Compensation Policy in force at that time*
- *For the second and third quarters 2023, the Directors received a fixed portion of their compensation, and for the fourth quarter 2023, the Directors received a variable portion of their compensation depending on their effective attendance at Board meetings and Board Committees from the second to the fourth quarter 2023.*

2.3.3 Compensation payable for 2023 to Viviane Monges Chair of the Board of Directors

Chair of the Board of Directors

For the year ending December 31, 2023, Mrs Vivian Monges, Chair of the Board of Directors, received a fixed remuneration of €300,000.

Table 1 (AMF nomenclature): Summary table of the remuneration, options and shares granted to each corporate officer

	2022	2023
Remuneration due for the year	649,000	342,500
Value of options granted during the year		
Value of performance shares granted during the year		
Value of special management incentive plan granted during the year		
Value of shares vested during the year	0	
Total	**649,000**	**342,500**

Table 2 (AMF nomenclature): Summary table of the remuneration of each corporate officer

	Amounts due for 2022	Amounts paid in 2022	Amounts due for 2023	Amounts paid in 2023
Fixed remuneration	300,000	300,000	300,000	300,000
Variable remuneration	0	0	0	0
Exceptional remuneration	349,000	349,000	36,500	0
Benefits in kind	0	0	6,000	0
Total	**649,000**	**649,000**	**342,500**	**300,000**

The Board of Directors held on October 25, 2023, decided to grant an additional remuneration, in the form of an exceptional compensation, to Viviane Monges in order to take into account the combination of her functions of Chair of the Board of Directors of the Company and the functions of the Chief Executive Officer for an interim period and the corresponding change in the scope of her responsibilities. This exceptional remuneration for the 2023 fiscal year is composed of:

- a fixed time-based remuneration for November and December 2023: an additional gross remuneration of €820 per working day, prorated to the working day performed, up to a maximum of €18,250 per month; and
- benefit in kind for November and December 2023: to pay for a housing in Paris for a maximum total amount of €3,000 per month for the duration of her term of office as Chair of the Board and Interim Chief Executive Officer, and to refund her direct travel expenses between her residence and Paris, subject to submission of receipts.

Table 11 (AMF nomenclature)

The following table provides details on the terms and conditions of remuneration and other benefits for 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	
Corporate officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Viviane Monges, Chair of the Board of Directors		X		X		X		X

2.3.4 Compensation payable for 2023 to Karl Rotthier, Chief Executive Officer

Chief Executive Officer

The following tables show a breakdown of the various components of Karl Rotthier's compensation as Chief Executive Officer for the 2022 fiscal year as well as for the period starting on January 1, 2023 and ending on October 30, 2023 on a *prorata temporis* basis.

The components of Karl Rotthier's compensation for the 2023 fiscal year were determined in line with the compensation policy for the Chief Executive Officer approved by the Company's Annual Shareholders' Meeting held on May 11, 2023. The payment of the Chief Executive Officer's compensation in 2024 shall be submitted to the approval of the Annual Shareholders' Meeting of the Company to be held in 2024 pursuant to the provisions of Article L. 22-10-34 of the French Commercial Code (ex *post say* on pay).

Table 1 (AMF nomenclature): Summary table of the remuneration, options and shares granted to each corporate officer

	2022	2023
Remuneration due for the year	789,241	519,033
Value of multi-year variable remuneration granted during the year		
Value of options granted during the year	241,535	236,940
Value of performance shares granted during the year	259,758	156,260
Value of special management incentive plan granted during the year	2,052,599	0
Value of shares vested during the year	0	4,540
Total	**3,343,133**	**916,773**

Table 2 (AMF nomenclature): Summary table of the remuneration of each corporate officer

	Amounts due for 2022	Amounts paid in 2022	Amounts due for 2023	Amounts paid in 2023
Fixed remuneration	450,000	450,000	420,269	420,269
Variable remuneration	190,800	500,000	0	190,800
Exceptional remuneration	0	0		
Defined contribution plan (pension) (1)	142,500	142,500	91,870	91,870
Benefits in kind (2)	5,941	5,941	**6,894**	**6,894**
Total	**789,241**	**1,098,441**	**519,033**	**709,833**

(1) Karl Rotthier is eligible for an "Article 82" (French General Tax Code) supplemental pension plan. Under this plan, he benefited for financial year 2022 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.

(2) Benefits in kind correspond to a Company's car.

Table 11 (AMF nomenclature)

The following table provides details on the terms and conditions of remuneration and other benefits for 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	
Corporate officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Karl Rotthier, CEO of the Company until October 30,2023		X	X Article 82 (French General Tax Code)		X		X	

During its meeting held on October 25, 2023, the Board of Directors decided to set the remuneration of Karl Rotthier for his duties as the Company's Chief Executive Officer for the period starting on January 1, 2023 and ending on October 30, 2023 as follows, subject to the approval of the 2024 Annual Shareholders' Meeting.

- Annual fixed remuneration:

  In respect of his fixed remuneration, Karl Rotthier has received €420,269 calculated *prorata temporis* until October 30, 2023.

- Variable annual remuneration:

  The following performance criteria were planned for financial year 2023:

Criteria	Weighting
Amount of revenue	20%
Core EBITDA margin expresse as a percentage of revenue	30%
Core Free Cash Flow conversion (Core FCF conversion) exoressed as a percentage	20%
Drive growth by supporting key initiative including double digit growth of sales to other clients than Sanofi (API solutions and CDMO)	7.5%
Improve productivity by focusing on operational excellence and accelerating our transformation	7.5%
Ensure key leadership positions are filled with the right talent	7.5%
ESG criteria focus on environment including a decrease of consumption of energy Scope 1&2 versus 2022	7.5%
TOTAL	**100%**

For the financial objectives, on a strict application of the achievement levels for the objectives set for 2023, the achievement rate for the amount of revenue was at 48.9% of the target, the achievement rate for the Core EBITDA margin was 0% of the target, the achievement rate for the Core Free Cash Flow Conversion was 0% for the target.

The objective linked to the growth including double digit growth of sales to other clients than Sanofi was not achieved. Sales to Other clients grew 7,1% and CDMO + 7,2%, below target.

The objective linked to productivity and transformation was not delivered in a sufficient way. Core EBITDA margin ended at 9,2% compared to 12% to 14% initial objectives.

The objective linked to the key leadership positions has been partially achieved with the recruitment of the COO. Relevant coaching has been implemented for selective people.

The objective linked to ESG with the decrease of consumption of energy 1&2 has been overachieved with more than 4% decrease versus 2022.

Upon recommendation of the Nominations and Remunerations Committee, and considering the Company's performance in 2023, the Board of Directors deemed that Karl Rotthier will not perceive any variable remuneration for the fiscal year 2023.

- Long term remuneration:
  - Pursuant to the conditions provided in the Company's long-term remuneration plans, and in accordance with the compensation policy for Executive Corporate Officers, the Board of Directors decided to allow Karl Rotthier to retain the benefit of the stock options and performance shares granted on June 3, 2022, on a pro-rata basis with respect to his length of service over the vesting period of these plans.
  - The number of stock options is therefore reduced to 21,412 and the number of performance shares is reduced to 8,921. The final number of options and shares acquired by Karl Rotthier will be determined at the end of the vesting period for each of these plans, conditional on the performance conditions being met.
  - In addition, and in accordance with the plan regulations, the performance shares granted under the "Horizon 2025" plan and the stock options and performance shares granted in June 2023 have now expired.
- Non-compete indemnities:
  - Upon recommendation of the Nominations and Compensation Committee, and in view of the utmost sensitivity of the financial, technical and commercial knowledge and information to which the Chief Executive Officer has access, the Board of Directors acknowledged the benefits of applying the non-compete undertaking approved as a related-party regulated agreement (*convention réglementée*) by the Board of Directors on May 4, 2022, for a 6-month period. The Board has decided to not renew this benefit for an additional six month period.

- In return for this non-compete undertaking, a lump-sum gross monthly compensation equal to 75% of his average fixed and variable monthly compensation received during the last 12 months prior to the end of his term of office (i.e., a total compensation of €257,729.44 for the period of the non-compete), will be paid each month from November 1, 2023 to April 30, 2024.

- Termination indemnities:
  - Upon recommendation of the Nominations and Remunerations Committee, the Board of Directors decided that, in the absence of misconduct or serious negligence, the compensation payable to the Chief Executive Officer in the event of removal from office is equivalent to 12 months' gross remuneration, calculated on the basis of the average of the last 12 months' remuneration, representing a total of €687,278.49.
  - The Board noted that this termination does not constitute a forced departure of the Chief Executive Officer following the 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. Therefore, the severance payment is not subject to performance conditions.

2.3.5 Pay ratios

This information is provided in accordance with the provisions of the Pacte Act of May 22, 2019 and the recommendations of the AFEP-MEDEF Code in its January 2020 version.

Pay ratios between the level of compensation of executive directors and the average and median compensation of employees from EUROAPI France, representing 98% of the population present in France. It should be noted that there are no employees in the listed company as of December 31, 2023.

The ratios below have been calculated on the basis of fixed and variable compensation paid during the financial years mentioned, as well as bonus and performance shares acquired during the same periods and valued at their fair value. The total remuneration taken into account for the Chair and the Chief Executive Officer is disclosed in table 2 in section 2.3.3 and 2.3.4 - Amount paid in 2023). The scope of this information includes the employees of EUROAPI France.

The choice of this scope was made in order to have intelligible ratios and to exclude the problems of exchange rates, inflation and salary regimes (different legal constraints) of the various countries in which EUROAPI has employees. In addition, in order to maintain a constant scope, employees with employment contracts other than permanent or fixed-term contracts are excluded from this population.

Ratios		2023	2022
CEO	Average	12	21
	Median	16	29
	2023 Compensation (table 2 - Section 2.3.4)	709,833	1,098,441
Board Chair	Average	5	12
	Median	7	17
	2023 Compensation (table 2 - Section 2.3.3)	300,000	649,000
Employees	Average compensation	58,435	53,549
	Median compensation	43,647	37,316

Variation in %	2022-2023	2021-2022
Turnover	3.80%	8.50%
Core Ebitda	(22.40%)	8.50%

2.3.6 Stock options and Performance shares

Allotment of stock options

Allotment of stock options

Table 4 (AMF nomenclature): Stock options granted during financial year 2023 to each corporate officer by the Company or by any Group company

Name of the corporate officer	Number and date of the plan	Type of options (purchase or subscription)	Valuation of the options according to the method used for the consolidated financial statements	Number of options allotted during the financial year	Exercise price	Exercise period
Viviane Monges, Chair	N/A	N/A	N/A	N/A	N/A	N/A
Karl Rotthier, CEO	May 6, 2023	Subscription	236,940	81,714	10.30	05/06/2027 to 06/03/2032

Date of shareholders' meeting	May 11, 2023
Date of the Board of Directors meeting	May 6, 2023
Total number of shares that may be subscribed or purchased, including the number that may subscribed or purchased by:	405,350
Karl Rotthier, CEO	81,714
Starting date for exercise of options	May 6, 2027
Expiration date	May 6, 2032
Subscription or purchase price	10,30 €
Exercise procedures (if the plan includes several tranches)	N/A
Number of shares subscribed	
Cumulative number of canceled or lapsed stock options	89,981
Stock options remaining at year-end	315,369

Table 5 (AMF nomenclature): Stock options exercised during financial year 2023 by each corporate officer

Name of the corporate officer	Number and date of the plan	Number of options exercised during the financial year	Exercise price
Viviane Monges, Chair	N/A	N/A	N/A
Karl Rotthier, CEO	N/A	N/A	N/A

Table 8 (AMF nomenclature): Historical information about stock option grants

Information concerning stock options	Plan SO 22
Date of shareholders' meeting	30/03/2022
Date of the Board of Directors meeting	6/3/2022
Total number of shares that may be subscribed or purchased, including the number that may subscribed or purchased by:	327,082
Viviane Monges, Chair	NA
Karl Rotthier, CEO	64,238.00
Starting date for exercise of options	3/6/2026
Expiration date	3/6/2031
Subscription or purchase price	13,91 €
Exercise procedures (if the plan includes several tranches)	N/A
Number of shares subscribed	
Cumulative number of canceled or lapsed stock options	103,449
Stock options remaining at year-end	223,632

Table 9 (AMF nomenclature): Stock options granted to the top ten employees excluding corporate officers and options exercised by said employees:

	Total options granted/shares subscribed or purchased	Weighted average price
Options granted during the financial year by the Company and any company included in the option allocation plan to the ten employees of the Company or of any company included within this scope receiving the largest number of options (overall figure)		
Options on the Company and the aforementioned companies that were exercised during the financial year by the ten employees of the Company or of those companies whose number of options thus purchased or subscribed is the highest figure	N/A	N/A

Free share plan

Table 6 (AMF nomenclature): Free shares granted to each corporate officer

Free shares allotted by the shareholders' meeting in financial year 2023 to each corporate officer by the Company and by any company of the group (listed by name)	PS 23	Type of shares granted in financial year 2023	Valuation of the shares using the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Viviane Monges, Chair						None
Karl Rotthier, CEO	June 5, 2023	Performance shares	156,260	05/06/2026	05/06/2026	Yes

Date of shareholders' meeting	May 11, 2023
Total number of free shares awarded, including the number allotted to:	**357,870**
Viviane Monges, Chair	None
Karl Rotthier, CEO	26,000.00
Vesting date	05/06/2026
End date of lock-up period	05/06/2026
Number of shares subscribed	NA
Cumulative number of canceled or lapsed shares	38,000
Free shares awarded and remaining at year end	319,870

Table 7 (AMF nomenclature): Free shares granted that became available for each corporate officer

Free shares granted that became available for each corporate officer	Number and date of the plan	Number of shares that became available in financial year 2023	Vesting conditions
Viviane Monges, Chair			None
Karl Rotthier, CEO		446	Presence

Table 10 (AMF nomenclature): Historical information about free share plans

Information on free shares awarded	Plan FS 22	Plan PS 22	Plan PS 22 CEO
Date of shareholders' meeting	June 3 2022	June 3, 2022	June 3, 2022
Total number of free shares awarded, including the number allotted to:	**1,007,514**	**216,318**	**181,165**
Viviane Monges, Chair	None	None	None
Karl Rotthier, CEO	446.0	20,074.0	181,165.0
Vesting date	06/03/2024	06/03/2025	06/03/2025
End date of lock-up period	06/03/2025	06/03/2025	06/03/2025
Number of shares subscribed	504,196		
Cumulative number of canceled or lapsed shares	84,422	37,516	181,165
Free shares awarded and remaining at year end	418,896	178,802	0

History of performance shares granted by Sanofi

Date of shareholders' meeting	4/30/2020	4/30/2021
Date of the Board of Directors meeting	04/28/2020	04/30/2021
Number of EUROAPI beneficiaries(1)	86	97
Total number of Sanofi shares granted to EUROAPI beneficiaries	27,844	32,896
Vesting date for Sanofi shares	05/02/2023	05/01/2024
End date of lock-up period	05/02/2023	05/01/2024
Number of fully vested Sanofi shares awarded at 12/31/2023	18,795	0
Cumulative number of Sanofi shares canceled or lapsed at 12/31/2023	9,049.0	22,519.0
Sanofi shares granted and remaining at 12/31/2023	0	10,377

(1) The EUROAPI beneficiaries correspond to employees who are not corporate officers of the Group and who were previously attached to the Sanofi group.

Recurring annual long-term incentive plan

In accordance with the Group's long term compensation policy and the authorization given at the Annual Shareholders' Meeting of May 11, 2023, on June 5, 2023, the Board of Directors approved the recommendation of the Nomination and Compensation Committee and adopted two new long term Incentive plan for the principal executives and key managers of the Group. The goal of this policy is to increase loyalty and mobilize approximately 120 to 150 of the Group's executives and high-potential employees for the success of its ambitious medium- and long-term objectives.

For the members of the expanded executive team (around 40 people) including the executive committee, this long-term incentive plan is composed of both stock options (50% of the valued amount) and performance shares (50% of the valued amount). For other beneficiaries, the plan consists only of performance shares.

The award of performance shares is not only intended to incentivize the beneficiaries to consider their actions with a long-term perspective, but also to develop employee loyalty and encourage an alignment of the employee's interests with those of the shareholders.

Under the stock option plan (Plan N° SO 23), the Board granted Karl Rotthier 81,714 stock options as Chief Executive Officer.

The exercise period for the stock options will be nine years from the date they are granted.

Performance conditions applicable for the stock options granted under Plan N° SO 23 for the CEO is to achieve a growth in revenue at the expiry of the vesting period.

Options will vest in installments over an four year period starting from the Date of Grant (25% per year).

Under the performance shares plan (Plan N° PS 23), the Board granted Karl Rotthier 26,000 shares, subject to the achievement of the following three performance conditions, which are applicable to all performance share beneficiaries:

- A financial performance condition applied on 40% of the shares granted and based on measuring growth revenue against the Group's target for the period 2023-2025.

Average level of Growth (2023-2025)	**Number of shares vested**
≥8,0%	100%
≥ 7.5% and < 8,0%	95%
≥ 7% and < 7,5%	90%
≥ 6.5% and < 7,0%	80%
≥ 6% and < 6,5%	70%
≥5.5% and < 6,0%	60%

- A financial performance condition applied on 40% of the shares granted and based on measuring Core EBITDA margin average for the period 2023-2025 at 15.3% or reach the Core annual EBITDA margin for financial year 2025.

Core EBITDA Margin (in average)	2025 Core EBITDA Margin	Number of shares vested
≥15.5%	≥18.5%	100%
≥ 15.3% and < 15.5%	≥ 18.0% and < 18.5%	95%
≥15.0% and < 15.3%	≥ 17.5% and < 18.0%	90%
≥ 14.5% and < 15,0%	≥ 17.0% and < 17.5%	80%
≥14% and < 14,5%	≥ 16,5% and < 17.0%	70%
≥13.5% and < 14,0%	≥ 16.0% and < 16.5%	60%

An ESG performance condition applied to 20% of the shares granted which will be measured as follows:

Index	2022 Base Line	2025 Target
Electricity from Renewable sources for industrial sites	83%	100%
Sites ISO 14001/50001 certified	75%	100%

Performance conditions applicable for the stock options granted under Plan N°SO 22 for the CEO is to achieve a growth in revenue at the expiry of the Vesting Period.

Performance conditions applicable for the Performance shares granted under Plan N°PS 22 are as follows: A criteria based on the revenue growth measured by reference to the Group's target for the 2021-2024 period; A criteria based on the Core EBITDA margin measured as the average of the three Core EBITDA margins for the 2022-2024 period, and a criteria based on the inventory coverage at Group's target by 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.

2.4 RELATED-PARTY TRANSACTIONS

Please refer to Section 3.7 "Statutory auditors' report on related- party agreements".

Euroapi - St-Aubin-les-Elbeuf (France)

3

ORGANIZATION AND RISK MANAGEMENT AFR

3.1 ORGANIZATIONAL STRUCTURE

3.1.1 Description of the Prior Reorganization Transactions

In connection with the admission to trading of the Company's shares on the regulated market of Euronext Paris, a portion of the activities of development, manufacture, marketing, distribution and sales of active pharmaceutical ingredients (APIs) and intermediates of the Sanofi group was carved-out from the rest of its business activities in order to consolidate these transferred activities within EUROAPI and/or its subsidiaries (the "Transferred Activity"). All of these reorganization transactions were completed between March 2021 and January 2022 (the "Prior Reorganization Transactions").

The Prior Reorganization Transactions were conducted in ten countries: France, Hungary, Germany, Italy, United Kingdom, Slovakia, Russia, United States, Japan and China. They are detailed below and were primarily completed through various securities and/or assets transactions in accordance with the following principles:

- The companies of the Sanofi group that operated both activities within the scope of EUROAPI and activities that do not fall within this scope were split.
  - In France, Hungary, Germany and Italy, the assets and liabilities related to the Transferred Activity were transferred to a local, dedicated subsidiary, newly formed by the Sanofi group;
  - In the United States, Japan and China, the assets and liabilities related to the Transferred Activity were transferred to a dedicated, local subsidiary newly formed by EUROAPI;
  - In Slovakia and Russia, the assets and liabilities related to the Transferred Activity were transferred, respectively, to a branch office and a representative office attached to EUROAPI France (a company sold by Sanofi Chimie to the Company in the Prior Reorganization Transactions in France).
- After completion of these transactions to carve-out the Transferred Activity, the Sanofi group sold to the Company all the shares of the newly formed local subsidiaries held by Sanofi entities.
- In the United Kingdom, the local subsidiary of the Sanofi group, whose activities fell primarily within the scope of the Group's activities, was renamed and then sold to the Company.
- In France, "Francopia", the local subsidiary of the Sanofi group, whose activities fell exclusively within the scope of the Group's business activity, was sold to the Company.

All securities sales of local subsidiaries of the Sanofi group to the Company in the context of the Prior Reorganization Transactions were executed on the basis of the value used for the carve-out transactions executed within the Sanofi group. The acquisition price for the Company to acquire the securities of the local subsidiaries in question was financed by the capital increase described in Section 6.4. "Stock market history" of the Universal Registration Document. EUROAPI therefore controls all the Transferred Activity.

Prior to Sanofi's combined annual shareholders' meeting, held on May 3, 2022, which approved the Distribution in Kind, shares of the Company corresponding to approximately 70% of the Company's share capital that was distributed to Sanofi's shareholders (other than Sanofi itself and holders of shares issued upon the exercise of Sanofi stock options since January 1, 2022) in connection with the Distribution in Kind and the Investment (see Section 6.1 "Items that may have an impact in the event of a public offer" of the Universal Registration Document), were purchased by Sanofi from Sanofi Aventis Participations.

Prior Reorganization Transactions implemented in France, Hungary, Germany, Italy, the United States, Japan, China, Slovakia and Russia

In France, Hungary, Germany, Italy, the United states, Japan, China, Slovakia and Russia, the portion of the Transferred Activity had been operated by a non-dedicated local subsidiary of the Sanofi group (or, in the case of (i) the United States, two non-dedicated local subsidiaries, and (ii) France, two subsidiaries, one that was dedicated and the other non-dedicated). The Prior Reorganization Transactions consisted primarily of transferring all the assets and liabilities related to the Transferred Activity to local subsidiaries of Sanofi or the Company (with the exception of Francopia). These transfers of assets and liabilities took the form of splits, sales of businesses (or the local equivalent) and/or sales of isolated assets and liabilities, depending on the jurisdiction in question. With a few exceptions, such as in Germany (see "Agreements signed by the Sanofi group and third parties for the execution of the Prior Reorganization Transactions" hereafter), these transfers covered all the liabilities attached to the Transferred Activity, including environmental liabilities prior to the date of the transfers. In France, Hungary, Germany and Italy, all the shares and voting rights of the local subsidiaries were then sold by the relevant entity of the Sanofi group to the Company.

In France, the Prior Reorganization Transactions consisted of selling all shares of Francopia to the Company. Prior to this sale, Sanofi Chimie transferred certain assets to Francopia, including the residual customer base and certain isolated assets related to the transferred APIs (including the intellectual property rights, the Drug Master Files and others) and the CEP (certificates of suitability to the European Pharmacopeia, as well as the inventories of raw materials used in the manufacture of said APIs), giving Francopia all the assets and liabilities attached to the activity for alkaloids.

At the same time as the transfers of assets and liabilities and the sales of securities described above, certain isolated assets and liabilities falling within the Transferred Activity, such as intellectual property rights (primarily trademarks and patents), inventories or contracts, were sold separately, such that, they are wholly owned, directly or indirectly, by the Company.

Prior Reorganization Transactions implemented in the United Kingdom

Before the Prior Reorganization Transactions, the Transferred Activity was operated in the United Kingdom by Genzyme Limited, a local subsidiary of the Sanofi group.

The Prior Reorganization Transactions implemented in the United Kingdom consisted of renaming this subsidiary "EUROAPI UK Limited", then selling all the shares of this entity to the Company. Prior to this sale, EUROAPI UK Limited acquired a patent and expertise in the manufacture of the API Sevelamer from a company of the Sanofi group. A contract signed with a customer of the Sanofi group was also transferred by Genzyme Corporation to EUROAPI UK Limited. The few assets (essentially inventories) held by this subsidiary and which were not dedicated to the Transferred Activity were sold to other entities of the Sanofi group. As a result of the completion of the Prior Reorganization Transactions in the United Kingdom, the Company directly holds 100% of the capital and voting rights of EUROAPI UK Limited.

Agreements signed by the Sanofi group and the Group for the execution of the Prior Reorganization Transactions

Prior Reorganization Transactions required the conclusion of two-tier agreements as follows:

Centrally, the master carve-out agreement

The Group and Sanofi entered into a master carve-out agreement (the "Master Carve-Out Agreement"), which sets out the general principles and organizes the terms for completing the Prior Reorganization Transactions, such as defining the limits of the development, manufacturing, marketing and distribution activities of Sanofi group's active pharmaceutical ingredients (APIs) included in the carve-out and transferred to the Group, the transferred assets and liabilities and as appropriate the specific terms applicable to their transfer, the indemnification rules between the parties or cooperation commitments between the parties.

The Master Carve-Out Agreement, as modified by amendments dated February 25, 2022, March 28, 2022, effective as of the date of their signature, provide for, subject to certain exceptions, the transfer to the Group of all assets and liabilities linked to the Transferred Activity. In this respect, under the Master Carve-Out Agreement, the Company and its subsidiaries are obliged to indemnify the Sanofi group companies against all liabilities linked to the Transferred Activity or transferred assets, including liabilities relating to product liability, environmental liabilities and/or those related to the ownership or the use of real estate transferred under the Prior Reorganization Transactions (subject to a few exceptions, mainly in Germany where specific rules described below are provided for), as well as the corporate, legal and tax liabilities relating to the Transferred Activity. The Group notably undertakes to indemnify Sanofi or any of its affiliates for any loss or action brought against the Sanofi group relating to environmental pollution or contamination, the release of dangerous substances and/or personal injuries caused by the latter related to the Transferred Activity. This indemnity is applicable whether the operative event or the circumstances at the origin of these liabilities are known or unknown or predate or postdate the effective date of the agreements relating to the Prior Reorganization Transactions in each of the relevant jurisdictions.

Notwithstanding the principle of transferring to EUROAPI all the liabilities related to the Transferred Activity, the Master Carve-Out Agreement, as amended, also provides for a number of commitments, including indemnification, made by Sanofi to the Group, such as:

- An environmental indemnification mechanism for the Vertolaye and Saint-Aubin-lès-Elbeuf sites located in France: as of October 1, 2021, Sanofi has undertaken to indemnify the Company for a maximum amount of €16.7 million for costs relating to restoration approved by the competent French authorities and initiated by the Sanofi group but not yet completed at the transfer date on certain plots of the Group sites located at Saint-Aubin-lès-Elbeuf and Vertolaye and subsequent to the pollution, contamination or release of dangerous substances into the environment caused by the Transferred Activity. This commitment will end on September 30, 2026.
- A mechanism to cover part of the repair and renovation work initiated by the Group at the Brindisi site: Sanofi has undertaken to compensate the Company or its subsidiary in Italy up to a maximum of €4.0 million for the costs relating to the repair and renovation of the pipes (rainwater and cooling water sewage system) at the Brindisi site for the portion of the costs exceeding €4.0 million. This commitment runs until December 31, 2025.
- A mechanism for handling the restoration work initiated by the Sanofi group on the Marat plot located close to the Vertolaye French site: in the wake of an order issued by the Préfet on September 30, 2021, Sanofi has undertaken to bear the cost of all restoration actions required by the competent authorities under the environmental regulation on the Marat plot for which only the property title was transferred to the Group on October 1, 2021. This commitment is valid until the earlier of the following two dates: (i) the date on which the competent authorities issue a document stating that the restoration measures for the Marat plot have been duly executed or any other document stating that they have met the main restoration measures for the Marat plot (in other words after completion of the soil and water restoration measures other than the monitoring of underground water) or (ii) the date on which the administrative responsibility concerning the environmental situation of the Marat plot is transferred to the Group. In accordance with the provisions of the Master Carve-Out Agreement, the Group has undertaken to request, from the authorities, the transfer of the administrative responsibility for the Marat plot and to cooperate with Sanofi for the purposes of the completion of the transfer, once the authorities have confirmed the completion of the restoration.
- An indemnification/handling mechanism for certain regulatory review costs: as of October 1, 2021, Sanofi has undertaken to indemnify the Company for a maximum amount of €15.0 million for costs related to the regulatory review of a list of APIs in the scope of the Transferred Activity. The scope of this regulatory review includes the validation of the compliance of the regulatory files of the transferred APIs or the business with the ICH Q2A (validation of analytical methods) and ICH Q11 (development and manufacture of pharmaceutical substances) standards, as well as the proactive assessment of the level of the current regulatory files associated with the transferred APIs or the business with respect to the latest recommendations of the International Council on Harmonization of Technical Requirements for the Registration of Pharmaceuticals for Human Use (ICH). This commitment is valid until September 30, 2025.
- Indemnification of certain commitments to the company BASF Agri Production SAS ("BASF"): Sanofi shall indemnify the Company or its subsidiary EUROAPI France for the damages that it might suffer in respect of an indemnification obligation in favor of BASF under the separation agreement entered into between BASF and the Sanofi group on February 13, 2004 (as amended, particularly by the September 28, 2021, tripartite agreement), transferred to the Company consecutive to the sale of the Saint-Aubin-lès-Elbeuf site, for losses suffered by BASF due to (i) environmental claims or (ii) occupational illnesses affecting its employees.
- Indemnification for certain expenses related to the Prior Reorganization Transactions: Sanofi shall indemnify the Company or its subsidiaries for certain expenses related to the Prior Reorganization Transactions incurred before June 30, 2022, for an amount of €9.4 million, and some operating expenditures related to the transition of IT systems in Germany incurred between (i) the loss of control by Sanofi resulting from the Distribution in Kind of the Company's shares at the time of the admission to trading of the Company's shares (the "Loss of Control") and (ii) December 31, 2022, for an amount of €3.1 million.

Furthermore, in accordance with the terms of the Master Carve-Out Agreement, Sanofi purchased an environmental insurance policy for the benefit of the Group for a period of ten years starting from October 1, 2021, and for a maximum amount of €50 million to cover environmental liabilities originating prior to the implementation of the Prior Reorganization Transactions (or in certain cases, the Company's initial listing). This insurance is subject to the customary exclusions for such insurance policies providing coverage for environmental liabilities. This policy, for which the premium is fully handled by Sanofi, was transferred to the Company in connection with the initial listing of the Company's shares.

In accordance with the provisions of the Master Carve-Out Agreement, the Company and Sanofi appointed a committee in charge of monitoring the Prior Reorganization Transactions set out by the Master Carve-Out Agreement that met until December 31, 2022 and a committee in charge of monitoring the commercial relations between the parties that will meet over a period of five years, starting from the Loss of Control by Sanofi. The composition of each of these committees, which includes an equal number of representatives of the Company and Sanofi, reflects a balanced governance between the parties. Each of these committees shall provide an escalation mechanism in the event of persistent disagreements.

The Master Carve Out Agreement is subject to French law. Any dispute arising out of or in connection with the Master Carve Out Agreement shall be submitted to arbitration under the rules of the International Chamber of Commerce.

Locally, the Local Transfer Agreements

In each of the countries concerned, the Company's dedicated subsidiary and a Sanofi group company have signed local transfer agreements (the "Local Transfer Agreements") setting out the terms for carrying out the transfer of the assets and liability dedicated to the Transferred Activity in accordance with applicable local laws. Depending on the countries, assets and liabilities transfers have been carried out through demergers, sale of business assets (or local equivalent) and/or sales of isolated assets and liabilities or securities sales.

In addition to these two levels of agreement, the Prior Reorganization Transactions also required the execution of certain sales of isolated assets and liabilities, as described above.

Agreements signed by the Sanofi group and third parties for the execution of the Prior Reorganization Transactions

Agreements entered into with BASF

The industrial site located in Saint-Aubin-lès-Elbeuf and transferred to EUROAPI was shared between Sanofi and BASF in accordance with a series of agreements concluded between the parties comprising, in particular, a separation agreement dated February 13, 2004 (as amended), a sale agreement concerning the land and buildings used for the wastewater treatment plant on November 29, 2013 (as amended), and services agreements. To guarantee the smooth operation of the Saint-Aubin-lès-Elbeuf site, especially the supply of certain services essential to the industrial activity, the transfer of assets and liabilities relating to the Transferred Activity in France required concluding on September 28, 2021, a tripartite agreement between BASF, Sanofi Chimie and EUROAPI France, as well as a commercial lease on September 1, 2021, and a master service agreement on October 1, 2021, providing in particular for the renewal or redrafting of the services agreements for general services, utilities and the waste treatment plant, effective as of January 1, 2022.

As of October 1, 2021, (i) Sanofi is required to indemnify the Company and its subsidiaries for any BASF claim based on environmental issues or occupational illnesses as recalled in Subsection "Agreements signed by the Sanofi group and the Group for the execution of the Prior Reorganization Transactions" above and (ii) the Company will be required to indemnify Sanofi or its subsidiaries against any other loss relating to the obligations or commitments with respect to the services described above and that may be incumbent on them due to the agreements with BASF.

Agreements relating to the Frankfurt site

Furthermore, the Prior Reorganization Transactions required the split and/or the duplication of some agreements concluded, between, on the one hand, Sanofi Aventis Deutschland GmbH ("SADG"), the entity that operated the portion of the Transferred Activity in Germany, and on the other hand, Infraserv GmbH & Co. Höchst KG ("ISH") and its affiliates (together with ISH, the "ISH Group"). The Transferred Activity is operated in the Höchst industrial park at Frankfurt am Main in Germany. The ISH Group owns all the land on which the Höchst industrial park is built, which it leases to the companies located in the industrial park, and provides various services to these companies. SADG is currently a shareholder of the ISH Group with a 30% equity stake.

SADG and the ISH Group have entered into various agreements regarding real-estate leasing and the supply of services by the ISH Group, particularly services relating to buildings, utilities and networks, IT, environmental, logistics and other services. Most of these agreements concerned both the Transferred Activity and the business retained in the scope of SADG. Consequently, on June 30, 2021, SADG and the ISH Group concluded several agreements with the goal of dividing and/or duplicating their agreements in order to create a separate set of agreements dedicated to the Transferred Activity and another set dedicated to the business retained by SADG. As part of the Prior Reorganization Transactions carried out in Germany, the agreements relating to the Transferred Activity were transferred to EUROAPI Germany GmbH, a subsidiary of the Company, with effect from November 1, 2021.

The main provisions of the agreements with the ISH Group in the context of the agreements relating to the Transferred Activity in Germany are presented below:

- Some agreements provide for a right to adjust prices for the benefit of the ISH Group, in the event of change in the costs of the ISH Group resulting from a change of legislation, case law or administrative practice or in case of unexpected costs linked to the capital expenditures borne by the ISH Group.
- The new lease (the "Lease Agreement"), pursuant to which EUROAPI Germany GmbH leases the majority of its buildings contains a clause providing for the right for ISH to request a temporary or permanent price adjustment, for ancillary costs, in an appropriate amount and after certain imposed procedures, in the event that other companies located in the industrial park are unable to pay their share of costs due to insolvency.
- The ISH Group has requested a guarantee concerning the obligations provided for by the Lease Agreement in connection with the Transferred Activity, particularly the obligation to demolish the buildings when the lease expires. The Company, as the parent company of EUROAPI Germany GmbH, has granted a guarantee to cover these requests. In 2026, EUROAPI Germany GmbH will have to supply a bank guarantee, to supplement the guarantee granted by the Company, in the event that some of the Company's financial performance indicators fall short of the thresholds agreed by the parties on that date. The guarantee granted by the Company and the bank guarantee are limited to €28.5 million, subject to the adjustment in case of the addition or withdrawal of the Lease Agreement for buildings, which is subject to a demolition obligation.

Pursuant to the Lease Agreement, EUROAPI Germany GmbH is required to pay for certain restoration costs in the event of the construction of new buildings by or for EUROAPI Germany GmbH (as for example, the excavation of contaminated soils) or demolition of existing buildings.

Furthermore, EUROAPI Germany GmbH is required, pursuant to the Lease Agreement, to bear 2.19% of the costs relating to protection measures against environmental damages for the entire Höchst industrial park. This obligation can be increased to 2.29% in the event the Company exercises its option to lease an additional building from ISH (the G 839 pilot plant).

In this context, SADG and EUROAPI Germany GmbH, have agreed, as part of the demerger agreement entered into at the end of the Prior Reorganization Transactions, that all liabilities including environmental ones related to the Lease Agreement will definitely be the responsibility of the Company.

Furthermore, SADG is required to bear certain environmental protection costs related to the Offheim, Aßlar and Lindenholzhausen external landfills, which were previously used for SADG activities. According to the terms of the demerger agreement, SADG has transferred a share of these obligations to EUROAPI Germany GmbH, within the limit of 5.97% of the respective total annual costs for the Offheim landfill and 14.24% of the respective total annual costs for the Aßlar and Lindenholzhausen landfills.

The environmental liabilities that may exist, with respect to other commitments and predating the Prior Reorganization Transactions, have been retained by SADG.

Agreements entered into with the Sanofi group and the Group as part of the Prior Reorganization Transactions for the future conduct of business

The Group's related parties include the Company's shareholders, non-consolidated subsidiaries, affiliated companies (equity-accounted investees) and entities on which the various Group executives have significant influence.

For the year ended December 31, 2023, sales to the Group's customers other than Sanofi and sales to Sanofi accounted, respectively, for 53.4% and 46.6% of the Group's consolidated revenue.

The figures detailing the relations with these related parties can be found in Note 10.6 of the consolidated financial statements for the year ended December 31, 2023, presented in Section 4.6 "Consolidated financial statements" of the Universal Registration Document.

In addition to the completion of the Prior Reorganization Transactions, it was agreed that the Company and its subsidiaries continue to maintain a set of contractual commercial relations with the Sanofi group from which they originate. In the context of the Prior Reorganization Transactions carried out in 2021, the Company and its subsidiaries have thus concluded with Sanofi and some of its subsidiaries agreements concerning:

- the manufacture and supply of a number of APIs, intermediates and other substances;
- the distribution of some APIs;
- the provision of services;
- the development of APIs or intermediates.

The Company and its subsidiaries have also concluded with Sanofi and some of its subsidiaries license agreements concerning intellectual property rights, as well as other *ad hoc* agreements, particularly leases, in order to allow the parties to continue their activities and ensure the master agreements remain in effect.

The conclusion of these agreements is the outcome of independent negotiations between the Group's teams and the Sanofi group teams.

Manufacturing and supply agreements for certain APIs

The global manufacturing and supply agreement

In addition to the completion of the Prior Reorganization Transactions, it was agreed that the Sanofi group will continue to benefit from the services supplied by the Company and its subsidiaries under the new terms concluded as part of the transactions. To this end, Sanofi Winthrop Industrie, a Sanofi group company, and EUROAPI France, each one acting in its own name and in the name and on behalf of their affiliates, signed on October 1, 2021, a manufacturing and supply agreement for APIs, intermediates and other substances (the "Global Manufacturing and Supply Agreement") at fixed prices determined on the basis of market prices and sustainable for both parties, subject to the modulation mechanisms of the pricing policy described below, expiring five years after the Loss of Control of the Company by Sanofi. The Global Manufacturing and Supply Agreement, as amended on March 1, 2022, with effect as of February 25, 2022 (with the exception of certain provisions effective as of January 1, 2022), on April 21, 2023, on December 13, 2023 and on February 28, 2024, with effect as of January 1st, 2024 (with the exception of certain provisions applicable for calendar year 2023) covers the manufacture and/or supply by the Company of 86 APIs and/or intermediates and/or substances required to manufacture the medication marketed by the Sanofi group or manufactured by Sanofi on behalf of its customers. The intellectual property rights relating to APIs, intermediates and/or other substances covered by the Global Manufacturing and Supply Agreement and those required for their manufacture are held by the Company and its subsidiaries, with the exception of some cases in which they are held by the Sanofi group. The parties shall notify their intention to renew the Global Manufacturing and Supply Agreement at least two years before the end of said agreement, and as from this notification, to negotiate in good faith the terms and conditions of the renewal of the agreement.

Pursuant to the Global Manufacturing and Supply Agreement, the Sanofi group shall exclusively source from the Group, on an established list of territories, for its requirements for APIs and/or intermediates and/or other substances covered by the Global Manufacturing and Supply Agreement, with the exception of certain products listed exhaustively and subject to certain exceptions related to legal constraints, the Group's production capacities and the usual exceptions for such agreements. The exclusive sourcing obligation, which covers 42 APIs and/or intermediates and/or other substances, will be suspended in the event of foreseeable delay in the delivery of products for a duration comprised between one to three months with respect to the delivery date agreed upon by the parties or in the event of repeated incidents relating to product quality and consecutive to an identical cause. At Sanofi's discretion, this obligation may be terminated, product by product, in the event of delay in the delivery of products over a period exceeding three months (or in case of repeated delays over a shorter period), in case of annual customer level below 50% or non-compliance of the pharmaceutical products manufactured by Sanofi with the applicable quality standards, and to the extent where the latter is attributable to the Group; or in order to comply with the European regulation applicable to vertical agreements. The monthly customer service level is the percentage of the number of orders considered compliant (in terms of on-time delivery, quantity and product lifespan) out of the total number of orders received during a given month. In the event that the customer service level on an annual basis falls below a threshold defined by the parties based on the year of performance of the contract, but that exceeds 50%, the Company may be required to pay Sanofi a penalty. The amount of the penalty shall be a mutually agreed percentage of the amount of non-conforming orders that deviate from the expected target (capped at 10%). The Global Manufacturing and Supply Agreement also provides for the Group's obligation to exclusively supply the Sanofi group, limited to the 11 products listed and only in certain countries, with the exclusion of any other customer.

The terms of the Global Manufacturing and Supply Agreement include a price-volume corridor corresponding to an annual tiered compensation mechanism between the parties covering up and down fluctuations, beyond a threshold agreed upon by the parties, between the target revenue and the actual revenue related to Sanofi's purchases for a number of APIs. The price-volume corridor mechanism which is applicable between January 1, 2022, and December 31, 2026, includes (i) a global compensation mechanism, i.e., compensation due by one party to the other if the difference between global actual revenue and reference global sales is outside the globally applicable corridor for the year in question, the magnitude of which shall increase in increments one time over the 2022-2026 period, and (ii) a subsidiary compensation mechanism for the benefit of the Group calculated at the level of each of the production sites, i.e., compensation will be due by Sanofi if the difference between the site's actual revenue and the site's reference sales falls outside the applicable site-wide corridor (for the first three years only), during the 2022-2024 period, the magnitude of which shall increase in increments one time.

Reference sales refer to the quantity of sales corresponding to Sanofi's expected purchases, defined by product covered by the price-volume corridor mechanism, by production site and by year. Actual revenue refers to, for a given year, the amount (in euros) of products for which Sanofi has received firm orders under the terms of the Global Manufacturing and Supply Agreement. Actual revenue includes the amount of products ordered by Sanofi within the limits of the capacity reservation clause described below, in the event that such order is refused by the Company. Any amounts paid under the Group's performance clause or compensation mechanism in the event of a significant increase in the price of certain raw materials or the evolution of energy costs (as described below) are excluded in the determination of the amount of actual revenue.

The Global Manufacturing and Supply Agreement also contains a capacity reservation clause in the Group's production sites, for the benefit of Sanofi, corresponding to an annual minimum quantity of five APIs or manufacturing intermediates (THTP, Fexofenadine, Metamizol Na, Cyclopentane and Irbesartan) excluded from the exclusive sourcing obligation and the price-volume corridor, at fixed prices determined by the parties. In the event that Sanofi orders a quantity below the quantity agreed between the parties under the reservation clause, per API and for a given year, compensation would be owed by Sanofi. Correlatively, the Global Manufacturing and Supply Agreement includes a maximum capacity clause beyond which the Company's supply obligation to Sanofi shall cease. In the event that Sanofi orders a quantity exceeding the minimum quantity and lower than the maximum capacity but the Company does not deliver the said quantity, the Company could be compelled to pay Sanofi a penalty as specified in the contract.

The Global Manufacturing and Supply Agreement also includes several commitments from Sanofi in the event of sale by Sanofi to a third party of a finished product including an API manufactured by the Group, from a production site or a business segment concerning such finished product. In such event, the parties have undertaken to ensure that the buyer accepts to continue the relationship with the Group, as a manufacturer, according to the terms set out in the Global Manufacturing and Supply Agreement. As an exception, in certain cases, Sanofi may, at its discretion, act as an intermediary between the Group and the purchaser of the finished product, the production site or a business segment. If some sold finished products are covered by the capacity reservation clause described above, the rights and obligations of the Sanofi group will be transferred to the buyer, subject to certain exceptions.

Pursuant to the Global Manufacturing and Supply Agreement, Sanofi will have to compensate the Group in case of a significant increase in the price of certain key raw materials and solvents used to manufacture APIs and intermediates for Sanofi. This mechanism is applicable starting from 2022 and until the end of 2026 as revised under the second amendment to the Global Manufacturing and Supply Agreement in effect as of January 1st, 2024. Pursuant to the latter, the Group will be entitled, in the event of an increase of over 20% of the price of certain raw materials and solvents with respect to their reference price set in 2020, to an indemnification, the amount of which will depend on this increase. The parties agreed to extend the full compensation by Sanofi in the event of an increase of over 50% of the price of these raw materials or solvents, instead of the previous obligation for the parties to negotiate a new indemnification mechanism in good faith.

The Global Manufacturing and Supply Agreement, as amended, contains a reciprocal sharing of energy costs (gas, electricity and steam) in relation to reference prices determined by the parties, for Sanofi's portion of purchases. Under the terms of this agreement, in the event of a difference, calculated by energy source and at the level of each of the Group's sites, between (i) the energy costs for a given year for the concerned energy source and (ii) the Group's supply costs calculated on the basis of reference prices determined by the parties, compensation will be due by energy source and by Group site for Sanofi's portion of purchases, by Sanofi in the event of additional costs for EUROAPI and by EUROAPI in the event of a gain on the price of energy by Group site and by energy source. In addition, in the event of an increase of more than 10% in the quantities of energy used, the Group will be compensated only up to the percentage increase in product sales to Sanofi. This energy cost sharing mechanism is applicable from January 1, 2022, to December 31, 2026.

Under the second amendment to the Global Manufacturing and Supply Agreement in effect as of January 1st, 2024, the parties cancelled the application of the performance clause corresponding to the annual retrocession by the Company, for calendar year 2023 and until the end of 2026. This relates to a portion of the fixed and variable cost savings made by the Company on the cost of APIs, intermediates and other substances sold to Sanofi, the amount of which had been previously agreed upon by the parties on the basis of the actual business volume and the savings relating to the industrial performance and raw materials supply, subject to certain adjustments.

The Global Manufacturing and Supply Agreement does not provide for early redemption and/or cancellation in the event of a change of control of the Company. It is governed by French law. Any dispute arising out of or in connection with the Global Manufacturing and Supply Agreement shall be submitted to arbitration under the rules of the International Chamber of Commerce.

In a letter agreement dated April 21, 2023, the parties agreed to specific financial incentives to be paid by Sanofi in relation with the achievement by Company of minimum volumes and customer service levels of two APIs for 2023.

In order to adapt their commercial relationship to the current environment, in particular to the 2024 and 2025 cumulated Sanofi demand forecasts for APIs, which are significantly below projections and the higher raw materials and energy prices, which could not be fully reflected in price increases as per the initial Global Manufacturing and Supply Agreement as amended, Sanofi and Company agreed on a series of other additional revisions to the Global Manufacturing and Supply Agreement in a letter agreement dated December 13, 2023, that were formalized in the second amendment to the Global Manufacturing and Supply Agreement, executed on February 28, 2024. These include price increase for 6 selected APIs, the narrowing of the price-volume corridor, the above described annual compensation mechanism protecting both parties from annual revenue fluctuation and shortened payment terms to improve cash management. In addition, the parties executed on February 28, 2024 a Memorandum of Understanding in effect until December 31, 2025, providing for inventory compensation for a specific intermediate, a compensation mechanism under the price volume corridor at site level for substantial market demand decrease of volumes of one API for 2024, some incentives for manufacturing and technology transfer of some specific APIs and intermediates in 2024, a lumpsum payment for a capacity extension project in 2024 and for some support services by Company in case of discontinuation of certain APIs by Company in 2024.

Reverse Manufacturing and Supply Agreements

In connection with the completion of the Prior Reorganization Transactions, a number of agreements were also entered into, effective on October 1, 2021. Under these agreements, some Sanofi group companies will have to supply certain services relating to the manufacture of APIs to the Group's companies (the "Reverse Manufacturing and Supply Agreements"). They include:

- A first agreement, as amended, in force until December 31, 2023, and renewable by mutual consent, pursuant to which Sanofi Chimie, acting as sub-contractor, will continue to manufacture a number of APIs belonging to a commercial partner of the Group, and will supply EUROAPI France. In a letter agreement dated April 21, 2023, the parties agreed to a specific financial incentive to be paid by Sanofi in relation with the production transfer of an intermediate intended for the API of a commercial partner from a Sanofi site to a Group's site and the extension of the corresponding supply agreement between the Company and the commercial partner. Such commitment was taken over by the parties in a second letter agreement dated December 13, 2023. In addition, the parties agreed in the Memorandum of Understanding executed on February 28, 2024, to an other incentive to be paid by Sanofi to the Company for the completion before the end of 2024 of a dismantling phase of the Group's workshop to receive the intermediate of the API of a commercial partner, in preparation for the shutdown of Sanofi's production workshop in 2025. Sanofi and the Company are currently negotiating the extension of such Reverse Manufacturing and Supply Agreement.
- A second agreement, in force until December 31, 2024, pursuant to which Sanofi Chimie, as the sub-contractor, will be in charge of the manufacture of B12 derivative salts on behalf of EUROAPI France. The contract stipulates that the technology transfer free of charge to the Group must be completed no later than at the end of the contract. Under the terms of the Memorandum of Understanding signed on February 28, 2024, Sanofi agreed to an incentive payment to the Company in connection with the above-mentioned technology transfer.
- A third agreement, in force for five years after the Loss of Control of the Company by Sanofi, and renewable by mutual consent, pursuant to which Sanofi Chimie, as the sub-contractor, will continue to manufacture a number of APIs on behalf of Francopia. The parties executed a first letter agreement on December 13, 2023 to cancel the performance clause mirroring the cancellation of the performance clause under the aforementioned second amendment to the Global Manufacturing and Supply Agreement, to cancel some pellet titration targets and a minimum yearly quantity obligation. Sanofi waived a specific claim

concerning raw materials supplied by Company for processing by Sanofi in a second letter agreement signed on the same day.

Special agreement between the Group and the Sanofi group related to the packaging of pharmaceutical products

In addition to the Prior Reorganization Transactions, EUROAPI UK Limited and Genzyme Europe BV, a Sanofi subsidiary, each one acting in its name and in the name of its subsidiaries, reached an agreement pursuant to which EUROAPI UK Limited (and/or each of its concerned subsidiaries), acting as a Sanofi group sub-contractor, shall have to package, control and release Sanofi group pharmaceutical products. This agreement, as amended on February 28, 2022, became effective on January 1, 2022, for a period of five years starting from the Loss of Control of the Company by Sanofi.

Special agreements between the Group and the Sanofi group relating to the development of APIs

EUROAPI France and Sanofi-Aventis Research and Development (each one acting in its name and in the name of its affiliates) concluded on October 1, 2021, a master agreement for development and GMP manufacturing services (the "Master Agreement for Development and GMP Manufacturing Services") pursuant to which each of the parties acting, as appropriate, as either service provider or beneficiary of the services relating to the development and/or improvement of the manufacturing processes of certain APIs or intermediates. Furthermore, EUROAPI France entered into a similar development agreement with the Opella Healthcare Group SAS (subsidiary of the Sanofi group's general public health business). As part of these agreements, the Group is developing new chemical entities in Sanofi's R&D portfolio, including Tolebrutinib, or the development of a cationic lipid for certain messenger RNA vaccines being developed by Sanofi Pasteur. In accordance with these agreements, the parties can also enter into special agreements to define the specific rules concerning in particular capital expenditures, the intellectual property rights of the parties, order and/or manufacture projections and commitments for certain molecule volumes or prices. These agreements are concluded for an indefinite period, with each party having a right to terminate it at any time subject to compliance with a three-month notice period.

The Master Agreement for Development and GMP Manufacturing Services and the development agreement entered into with Opella Healthcare Group SAS provide that each present and future molecule development/manufacturing project on behalf of Sanofi or Opella Healthcare Group SAS under these contracts will be the subject of a specific application contract setting out the precise terms of the project. It is specified that Sanofi and Opella Healthcare Group SAS will have the opportunity, assessed for each application contract, to terminate any specific application contract for the development/manufacture of a molecule taken in the context of these agreements, in the event of a takeover of more than 50% of the Company by a third party company that itself develops or sells a molecule or a competing product of the molecule developed/manufactured by the Group on behalf of Sanofi or Opella Healthcare Group SAS. The parties may waive this principle or specify the notion of competitor, application contract by application contract and molecule by molecule.

Distribution agreements for certain APIs

EUROAPI France and Sanofi Chimie (each acting in its name and in the name of its affiliates) reached a distribution agreement for APIs belonging to the Sanofi group (the "Distribution Agreement"), effective as of October 1, 2021, for a period of five years starting from the Loss of Control of the Company by Sanofi and renewable by mutual consent. Pursuant to the Distribution Agreement, as amended on February 25, 2022, and with effect as of its execution date, the Company undertakes to distribute 22 APIs, including Clopidogrel, antihistamines (promethazine and alimemazine) and insulin, as a non-exclusive retailer for Sanofi. In accordance with the Distribution Agreement, the prices at which EUROAPI France purchases the APIs are determined by the parties and are fixed for the duration of the agreement, except for two products. The Distribution Agreement mainly covers the distribution by the Group of APIs in Europe and depending on the relevant products, certain other countries and territories, mainly the United States, Japan, South Korea, Russia and India.

Pursuant to the Distribution Agreement and during the initial term of this agreement, Sanofi has undertaken, in the name and on behalf of its affiliates, not to establish a dedicated in-house commercial organization aimed at promoting the sale of APIs and not to conclude any new global distribution agreement with a third party, which could in each of these cases directly compete with the distribution by the Group of APIs covered by the Distribution Agreement, provided that some exceptions related to (i) the direct sale of APIs manufactured by the Sanofi group, in compliance with the European regulation applicable in vertical agreements; (ii) compliance with existing Sanofi group contractual obligations to third parties (particularly partners or license holders) not transferred to the Group or the renewal of the latter; and (iii) the conclusion or completion by Sanofi of certain transactions, such as mergers, acquisitions or sales, directly or indirectly related to APIs.

Furthermore, EUROAPI France and Sanofi Aventis Singapore, each acting in its name and on behalf of its affiliates, have signed a distribution agreement pursuant to which Sanofi Aventis Singapore will distribute and sell in South Korea some APIs manufactured by EUROAPI France and its affiliates. The distribution agreement, which became effective on November 1, 2021, is entered into for five years starting from the Loss of Control of the Company by Sanofi. This agreement is not exclusive, except for the API Glymepiride.

Service supply agreements

At the same time as the completion of the Prior Reorganization Transactions and the carve-out of the Transferred Activity, Sanofi and the Company agreed that it would be necessary for each of them to continue benefiting, following the Prior Reorganization Transactions, from a number of services that the other party or its group used to provide it before the Prior Reorganization Transactions. In this respect, Sanofi and the Company or some of their affiliates have entered into (i) transitional services agreements and (ii) long-term services agreements.

Transitional services agreements

Sanofi and the Company (acting in their own name and in the name and on behalf of their affiliates) have concluded, with effect from October 1, 2021, two transitional services agreements (the "Transitional Services Agreements").

- One under which Sanofi or its affiliates provide(s) services to the Group, including services related to IT and digital solutions, microbiological analysis, operation of climate-controlled rooms for sample storage, health, safety and environmental compliance, management and accounting.
- Another under which the Group provides services to Sanofi or its affiliates and in particular services related to raw materials handling and management, water analysis and the analysis of nitrosamine samples (ICH M7).

Each of the two Transitional Services Agreements will end at the expiration of the last statement of works completed in accordance with its terms, at the end of a three-year period, subject to the extension of a statement of works by the parties beyond that date.

Services Agreements

Sanofi and the Company, directly or through their affiliates, have concluded the following main services agreements (the "Services Agreements").

a) Two agreements concluded for a period of five years, effective on November 1, 2021, between EUROAPI France and Sanofi Chimie, on the one hand, and EUROAPI Germany GmbH and Sanofi, on the other hand, and relating to the reciprocal supply, storage and distribution of the reference standards related to the APIs or intermediates and required for the production of dosages concerning the APIs and the finished drug products containing these APIs.

b) An agreement with effect from November 1, 2021, to December 31, 2025, and concerning the supply by Sanofi-Aventis Deutschland GmbH to EUROAPI Germany GmbH of logistics services relating to certain activities carried out at the Frankfurt industrial sites.

License agreements

In addition to the completion of the Prior Reorganization Transactions, the Company and its subsidiaries have entered into intellectual property license agreements. All of these agreements are valid for the duration of the protection of the licensed intellectual property rights:

- A non-exclusive and free license between the Company and Sanofi concerning the intellectual property rights transferred by Sanofi to the Company and its subsidiaries pursuant to which the Company gives a license to Sanofi and its affiliated companies to use the intellectual property rights transferred in the context of their activities other than the production of APIs for which the intellectual property rights belong to the Company or its subsidiaries under the Prior Reorganization Transactions.
- A non-exclusive and free license between EUROAPI UK Limited and Genzyme Cooperation, a Sanofi group company, specifically concerning the Sevelamer API, pursuant to which EUROAPI UK Limited gives a license to Genzyme Corporation for the use of the intellectual property rights transferred in order to allow Sanofi to continue to comply with the agreement entered into with a third party granting the latter a right of use concerning both the API and the drug product using Sevelamer.

- A non-exclusive and free license between EUROAPI Germany and Opella Healthcare Group (Sanofi's affiliate) specifically concerning the Fexofenadine API, pursuant to which EUROAPI Germany grants a license to Opella Healthcare Group for the use of the transferred intellectual property rights solely for the purpose of allowing Sanofi to directly or indirectly manufacture, market, sell and/or distribute a specific form of Fexofenadine and any finished pharmaceutical product using said substance.
- A non-exclusive license between EUROAPI Hungary and Sanofi specifically concerning the API Irbesartan, pursuant to which Sanofi will grant EUROAPI Hungary a right of use to the intellectual property rights relating to Irbesartan, in consideration for royalties (at a mid-single digit percentage (middle of range) of total annual revenue made with customers other than the Sanofi group) and solely for the purpose of allowing EUROAPI Hungary or its affiliates to directly or indirectly manufacture, market, sell and/or distribute the corresponding API manufactured at the Budapest site in Hungary.
- A non-exclusive and free license between the Company and Sanofi regarding some know-how not exclusively related to the transferred activity but used in connection thereto (as specified in the license agreement), pursuant to which Sanofi will grant the Company and its subsidiaries a right to use such know-how in connection with its present or future activities.

As part of the admission to trading of the Company's shares on the regulated market of Euronext Paris, it is planned that, as from the admission of the Company's shares to trading on the regulated market of Euronext Paris, the Group's companies shall cease to use the name "Sanofi", subject to grace periods in order to cover certain specific situations.

Other relationships with related parties

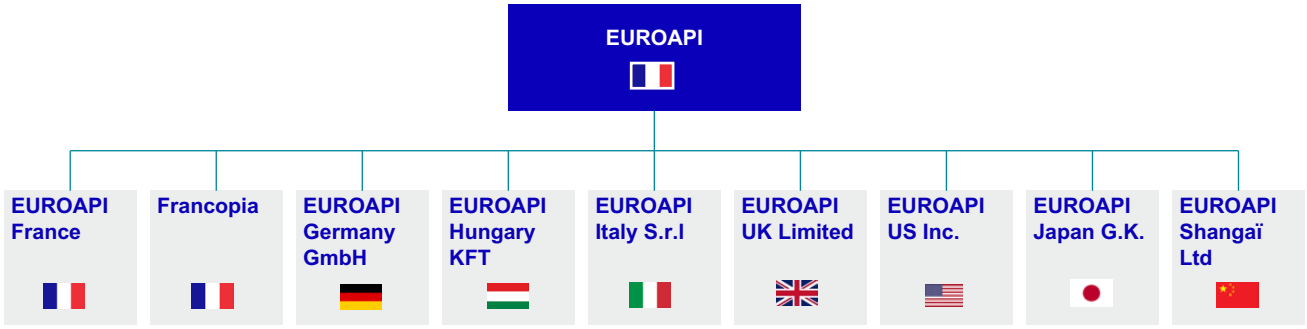
Tax agreements

The Company and its Subsidiaries in France have lefts the Sanofi SA tax consolidation with retroactive effect as of January 1, 2022, as a result of the Company's initial listing on the regulated market of Euronext Paris.

As from January 1, 2023, a tax consolidation group has been created between the Company and its subsidiaries in France for which it holds at least 95% of the capital. The creation of this group led to the conclusion of tax consolidation agreements between the Company and each of the member companies of this consolidation group to settle the contribution of the subsidiaries to the overall tax for which the Company has become the sole taxpayer as the new head company of the group.

3.1.2 Organization of the Group

The simplified organizational chart below shows the legal organization of the Group and its main subsidiaries as of the date of the Universal Registration Document.



3.1.3 The Company's major subsidiaries

The principal direct and indirect subsidiaries of the Company are described below:

- **EUROAPI France** is a French simplified joint-stock company (*société par actions simplifiée,* (SAS)), with a share capital of €146,089,593 and registered office at 15, rue Traversière, 75012 Paris, France, registered under number 891 090 680 with the Paris Trade and Companies Register.
- **Francopia** is a French limited liability company *(société à responsabilité limitée),* with a share capital of €18,213,824 and registered office at 15, rue Traversière, 75012 Paris, France and registered under number 775 662 463 with the Paris Trade and Companies Register.
- **EUROAPI Germany GmbH** is a German limited liability company *(Gesellschaft mit beschränkter Haftung)*, with a share capital of €1,000,000 and registered office at Brüningstraße 50, 65926 Frankfurt am Main, Germany, and it is registered under number HRB 121366 with the German business register *(Handelsregister des Amtsgerichts Frankfurt am Main).*
- **EUROAPI Italy S.r.l.** is an Italian limited liability company *(Società a Responsabilita Limitata),* with a share capital of €5,000,000 and registered office at Brindisi (BR), Via Angelo Titi no. 22, Italy. It is registered under number 02640720740 (tax code) with the Italian business register *(Registro delle Imprese di Brindisi).*
- **EUROAPI Hungary Kft.** is a Hungarian limited liability company *(Korlátolt Felelősségű Társaság),* with a share capital of 750,000,000 forint and registered office at 1045 Budapest, Tó u. 1-5., Hungary, and it is registered under number 01-09-377596 with the Hungarian business register.
- **EUROAPI UK Limited** is a British private limited company, with a share capital of 124,245 pounds sterling and registered office at 37 Hollands Road, Haverhill, Suffolk, CB9 8PU, United Kingdom. It is registered under number 01556886 with the British business register.
- **EUROAPI Shanghai Ltd.** is a Chinese limited liability company with a share capital of 80,000 yuan and registered office at Room 322, East Floor 3, No. 569 Xizang South Road, Huangpu District, Shanghai, China.
- **EUROAPI Japan G.K.** is a Japanese limited liability company *(godo kaisha)* with its registered office at 1-11-1 Marunouchi, Chiyoda-ku, Tokyo, Japan. It is registered under number 0111-03-010276.
- **EUROAPI US Inc.** is a Delaware Corporation, with its registered office at Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808, United States.

3.2 RISK FACTORS

In the context of the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended, the main risks presented in this chapter are the ones that the Company, as of the date of the Universal Registration Document, considers to be likely to have a material adverse effect on the Group or its business, financial position and reputation, results or outlook, and to be important when making an investment decision. These risks are those that the Company has identified in particular in the context of the development of the mapping of the Group's major risks, which assesses their net criticality, i.e., their severity and probability of occurrence, after taking into account the action plans put in place, as of the date of the Universal Registration Document. The Company has synthesized these risks into five categories presented below in no particular order of importance.

Main risk factors	Net criticality
3.2.1 Risks related to the Company's business environment	
• (a) Risks related to the international nature of the Group activities and to health crises and to geopolitical or macroeconomic instability	●●●
3.2.2 Risks related to the Company's activities	
• (a) Risks related to the operation of industrial sites	●●●
• (b) Risks related to supply difficulties, raw material and energy costs, and relationships with certain suppliers and subcontractors	●●○
• (c) Risk related to Group investments	●●●
• (d) Risks related to the Group's API Solutions business	●●○
• (e) Risks related to the Group's CDMO activities	●●○
• (f) Risks related to IT systems and Cyber Security	●●●
• (g) Risks related to social dialogue	●●●
• (h) Risks related to the Company's dependence on its key personnel and qualified employees	●●●
• (i) Risks related to climate change	●●○
3.2.3 Risks related to the separation of the Group's activities from the rest of the Sanofi group's activities and the Group's structural organization	
• (a) Risks related to the influence exerted on the Company's business and strategy by Sanofi, the Company's main shareholder	●●●
• (b) Risks related to difficulties or delays in implementing the internal procedures and appropriate IT systems necessary for the proper functioning of the Group	●●●
• (c) Risks related to contractual relations established with the Sanofi group	●●●
3.2.4 Risks related to the Company's financial position	
• (a) Exchange rate risks	●●○
• (b) Interest rate risks	●●●
• (c) Liquidity risks	●●○
3.2.5 Legal and regulatory risks	
• (a) Risks related to product liability	●●●
• (b) Risks related to environmental and safety regulations and environmental liabilities	●●●
• (c) Risks related to the laws and regulations applicable to the Company's activities	●●●
• (d) Legal risks related to the operation of activities under exclusive rights	●●○
• (e) Risks related to compliance and ethics actions or investigations	●●○

3.2.1 Risks related to the Company's business environment

(a) Risks related to the international nature of the Group activities and to health crises and to geopolitical or macroeconomic instability

Description of the risk factor	Main risk management measures
The Group sells and markets its active pharmaceutical ingredients (APIs) in more than 80 countries, which exposes it to the direct and indirect consequences of: ◦ health crises, epidemics or pandemics that may expose the Group to delays or disruptions or interruptions in the Group's supply chain; ◦ geopolitical or macroeconomic crises such as trade conflicts, tensions or armed conflicts. The occurrence of such events could have a negative impact on the Group's business, revenue, operating income and outlook.	To anticipate the risks related to geopolitical instability and the international character of its activities, the Group relies on the Corporate Affairs Department, and, in particular, on a dedicated network responsible for monitoring developments in each country, especially in those in which the Group has production sites. The upstream integration of the Group allowed it to limit the impact of the difficulties encountered by its Asian suppliers in 2020.

3.2.2 Risks related to the Company's activities

(a) Risks related to the operation of industrial sites

Description of the risk factor	Main risk management measures
The Group operates industrial chemical and pharmaceutical production sites in several countries in Europe, including four sites with "upper-tier" SEVESO facilities in Vertolaye, Frankfurt, Budapest and Brindisi and one site "lower-tier" SEVESO in Saint-Aubin-lès-Elbeuf. The Groupe is exposed to various industrial risks related to environment and people and property safety (fire, pollution, accidental releases, etc.) both within the Group's facilities and outside the Group's facility, in particular near urban centers or during the transport of the various finished products or raw materials. The administrative and/or criminal liability of the Group and, where appropriate, the criminal liability of its officers could be incurred, and the Group could be required to pay financial penalties or experience the temporary shutdown of a production line or site and, under certain conditions, its closure. In addition, malfunctions of the equipment or manufacturing processes used by the Group or human and/or technical failures as well as natural disasters (such as floods, earthquakes, droughts, extreme storms) could have a negative impact on the production of certain products or even on production as a whole. The occurrence of these risks could have a material adverse effect on the Group's financial position, reputation, results and outlook.	The Group develops risk reduction plans that incorporate short- and medium-term investments as well as organizational or management actions. It also draws on the results of regular regulatory audits to define scenarios that enable it to assess and anticipate the consequences of different events and develop human and material recommendations. The Group is also constantly mobilized to develop and operate safe industrial processes, promote a culture of safety and ensure the protection of the health and safety of its employees. Accordingly, it implements Health, Safety and Environment (HSE) procedures that take into account the main problems related to industrial processes and in particular chemical risk management. In particular, with regard to chemical risk management, the Group is putting in place procedures for the safety and monitoring of the chemical substances and mixtures that it uses and manufactures at its sites. Facilities operating on the SEVESO sites are inspected at least twice a year. It ensures technical and regulatory monitoring of the hazardous substances and mixtures used and manufactured. Where appropriate, the Group may be required to substitute the use of certain substances at its sites. Employees of the Group that come into contact with chemicals classified as hazardous in the course of their professional activities within the Group shall receive appropriate medical monitoring that takes into account the inherent risks of these substances.

(b) Risks related to supply difficulties, raw material and energy costs, and relationships with certain suppliers and subcontractors

Description of the risk factor	Main risk management measures

Supply and raw materials

The Group's manufacturing processes depend on the availability of the raw materials used in its business.

Some dependence to a limited number of third-party suppliers for some raw materials exposes the Group to changes in supply prices or in the availability, quality or delivery times of the raw material or services in question. The Group may not be able to find other suppliers, which could result in temporary or permanent inability to deliver products and adversely affect its business, financial position, results and profitability.

Energy

The Group may directly or indirectly experience pressures related to the price volatility of gas and electricity. In addition, energy supply difficulties and/or price volatility of energy worldwide, mainly due to geopolitical tensions, impact the Group's suppliers as described above. The occurrence of one of these events could lead to disruptions in the Group's production or to a temporary or permanent inability to deliver its products within satisfactory time limits and an increase in operational costs and thus a decrease in profitability.

Inventory management

The Group may encounter difficulties in its inventory management due, inter alia, to inaccurate projections of demand for products. If the Group fails to anticipate the needs of its customers correctly and therefore to manage the Group's inventory levels, this could lead to a depreciation of the value of certain raw materials and purchased materials that may become obsolete. Any change in inventories, whether upward or downward, affects the Group's cash flows.

In addition, the Group uses external suppliers in the United States and Japan to store its products prior to delivery, obliging the Group to put in place appropriate logistics processes with those suppliers to ensure the secure storage and timely delivery of its products. The failure of these subcontractors could jeopardize the Group's ability to fulfill its commitments, to comply with applicable regulations or to meet the expectations of its customers and could expose it to liability, which could adversely affect the Group's reputation, business, results, financial position and outlook.

The Group conducts regular monitoring of supply difficulties. The purpose of the program is to assess risks to the chain (from the supply of raw materials to the production of the API and the release of the product) and the establishment of security plans. The Group has also implemented a program to develop several sources of supply for critical raw materials (mono-sourcing exit program) whenever the market proposes these potential sources. A continuous and multidisciplinary process of risk analysis of the raw materials used by the Group and their suppliers is in place to enable the coordination of the qualifications of alternative suppliers or manufacturing sites with a view to reducing mono-source risks and regional dependence that is critical to ensure continuity of supply. In the current climate of strong price increases, in particular for raw materials and energy, many of the Group's contracts contain clauses allowing it to pass on part of the increases in these costs to its customers. The Global Manufacturing and Supply Agreement, as amended, includes a compensation mechanism for the Group in the event of a significant increase in the price of certain key raw materials and solvents, subject to compliance with certain thresholds and time limits, and a clause providing for reciprocal sharing of a portion of the increase in energy costs related to Sanofi's purchases, in relation to a reference base determined by the parties, which is applicable from January 1, 2022, to December 31, 2026. The Group also intends to further formalize the relationship with its suppliers through contracts rather than purchase orders to better control the volatility aspects for all raw materials used by the Group. To handle the difficulties of energy supply and the increase in its cost, the Group sources directly from the gas and electricity markets and uses hedging instruments (futures contracts), to smooth out prices over time. These instruments cover almost all of the Group's energy purchases in 2023 and 2024 (except spot purchases) and, as of the date of the Universal Registration Document, approximately 80% of its energy purchases for 2024. The Group's coverage strategy is to hedge over an anticipated period of three years. In addition, the manufacturing of alkaloids marketed by Francopia is subcontracted to a Sanofi group site under a Reverse Manufacturing and Supply Agreement in effect for a period of five years from the date of the Loss of Control by Sanofi. Francopia also uses several specialized secure transport providers, which have been audited by the Sanofi group. In addition, the import quota regime introduced by the ANSM to limit the sale of opiates in France by other companies located abroad was supplemented in 2018 by a secure inventory policy adapted to the needs of operators, which helps to secure supplies. Finally, the raw materials necessary for the manufacture of the APIs of Francopia and the finished products are stored separately to reduce the risk of breakage in the event of an incident.

(c) Risk related to Group investments

Description of the risk factor	Main risk management measures
To maintain the excellence of its manufacturing facilities and innovation platform, the Group makes significant recurring investments, including maintenance and compliance investments to ensure continuous compliance of the Group's production sites with applicable regulatory and environmental standards and performance and growth investments to improve and/or increase its API production and development capacities. Any inability of the Group to implement the planned investments could also have an impact on the achievement of its strategic objectives. Deviations from initial projections could have a negative impact on the expected level of return on investment of the project in question and, consequently, on the Group's business, financial position, operating results and cash flow. Finally, the Group may need additional financial resources to finance its planned medium-term and long-term investments. However, it may not be able to realize all or part of its capital expenditures if its cash flows from operations are not sufficient or if it is unable to obtain the necessary funds under its existing loan agreement or secure additional debt. In the event of any of these developments, the Group may be unable to maintain and/or increase its production capacity, which could have a significant material adverse effect on its business, results, financial position and outlook.	The Group relies on the investments made by the Sanofi group on the transferred sites over the past few years, which mainly include maintenance and compliance investments. It continues this investment policy by increasing the proportion of performance and growth investments in the total share of its investments and by improving the management of its performance and growth investments. These projects (duration, amounts) are monitored by dedicated teams at the local level and/or globally for strategic projects. Moreover, some of the Group's growth investments made as part of its CDMO activities have been co-financed by its customers, in addition to the amounts invested by the Group, in the form of payments prior to investments made or of increased payments on the price of the products during the commercial relationship.

(d) Risks related to the Group's API Solutions business

Description of the risk factor	Main risk management measures
APIs marketed by the Group as part of its activity of selling APIs to third parties for which the intellectual property is held by the Group or licensed by the Group and/or covered by a distribution agreement (the "API Solutions" business) are subject to intense competition, which could have the effect of reducing the Group's market share or force the Group to lower its prices and thus its revenue. The Group's future operating income in API Solutions business will depend on its ability to attract new customers for the APIs in its portfolio, improve the manufacturing processes of APIs and/or successfully identify new APIs that the Group intends to manufacture to expand its product portfolio. The Group occupies a premium position in the API market. The Group may not be able to maintain its premium positioning, resulting in a decrease in demand for the Group's products or a decrease in prices to enable the Group to continue to sell its products. Finally, some of the Group's business relationships have little or no formalization, especially with regard to purchase orders. The level of demand for the APIs manufactured by the Group also depends on i) the clinical development and marketing of products and ii) the reduction of supply costs or termination of certain products by its customers. Any reduction, cancellation or delay in sales to the Group's customers, the loss of one or more major customers, the Group's potential inability to successfully develop relationships with new customers, future price reductions or other contractual benefits granted to Group customers may result in significant fluctuations or declines in revenue and may have a material negative impact on the Group's business, financial position, operating income and outlook.	To limit competitive pressure, the Group relies on several tools, processes and remediation plans: ◦ competitive oversight, by product range and technology, which informs the business strategy of the Group, which is factored into its price positioning, as well as the organization of its sales forces and product offering; ◦ a business risk analysis, which is regularly reviewed to guarantee Group responsiveness and excellence in its support of its customers; ◦ multi-year contracts with customers are encouraged to secure the Group's revenue; i. action plans for the optimization of structure costs (see Section 1.4 "Strategy and objectives" of the Universal Registration Document) and the transformation of the Group, has been deployed in 2023; and ii. regular investment in the continuous improvement of processes, in addition to activities for research of new technologies and the development of innovative processes to reduce the production costs and environmental footprint of the Group's production methods and differentiate itself through its technological advances and capacity for innovation. ◦ The size and diversity of the Group's portfolio, which consists of approximately 165 APIs registered with regulatory authorities in many countries, offers stability. Its network of industrial sites and production capacities enables it to ensure the continuity of production operations and monitor projects from the clinical phases to the commercial phases. The FOCUS 27 project (see Section 1.4. "Strategy and objectives" of the Universal Registration Document), has confirmed the potential of several highly differentiated and profitable products, mostly sold to clients other than Sanofi. The commercial strategy will be refocused on these APIs to foster profitable growth. The decision has been taken to discontinue 13 APIs with low or negative margins. ◦ The Group is using its best efforts to maintain its reputation as a provider of reliable, high-quality APIs, its regulatory activities and its strong competitive position in the major geographical areas of the global market for APIs and the confidence of its customers and provides them with expertise in a wide range of that market to best meet their specific needs.

(e) Risks related to the Group's CDMO activities

Description of the risk factor	Main risk management measures
The Contract Development and Manufacturing Organization (CDMO[1]) activity of the Group is exposed to strong competition to win development and marketing agreements for the more promising molecules. Operating income in CDMO business will depend on its ability to attract new customers, enter into new contracts in a satisfactory manner for the manufacture of APIs developed by its customers, initiate the development and/or production of APIs or batches on behalf of existing or new customers, or expand relationships with existing customers for new products within a reasonable timeframe. Despite its resources, the Group cannot guarantee that it will be able to develop satisfactory manufacturing processes that meet its customers' specifications, or that finished products incorporating the APIs manufactured by the Group will achieve the intended therapeutic results. In addition, the products developed by the Group on behalf of its customers may i) not receive the necessary regulatory approvals by health authorities or ii) not pass successfully inspections by health regulatory authorities or audits performed by customers on its production sites or iii) be discontinued following clinical phase 1, 2 or 3, which would result in an end to product development and collaboration with the Group. Finally, the quality of the Group's products and the Group's ability to deliver its products within a satisfactory timeframe and their perception by the market are important elements for the Group's reputation and, consequently, for its business. The occurrence of any of these events could have a material adverse effect on the Group's business, financial position, results, outlook or reputation.	To limit competitive pressure, the Group relies on several tools, processes and remediation plans: ◦ competitive oversight, by product range and technology, which informs the business strategy of the Group, which is factored into its price positioning, as well as the organization of its sales forces and product offering; ◦ a business risk analysis, which is regularly reviewed to guarantee Group responsiveness and excellence in its support of its customers; ◦ multi-year contracts with customers are encouraged to secure the Group's revenue; i. action plans for the optimization of structure costs (see Section 1.4 "Strategy and objectives" of the Universal Registration Document) and the transformation of the Group, in particular in the context of the development of its CDMO activities, has been deployed in 2023; and ii. regular investment in the continuous improvement of processes, in addition to activities for research of new technologies and the development of innovative processes to reduce the production costs and environmental footprint of the Group's production methods and differentiate itself through its technological advances and capacity for innovation, in particular in the context of the development of its CDMO activities.

(1) An external manufacturing project for a customer that owns the intellectual property of the API being manufactured, which starts with the development of the production process by the Group or the transfer of the production process to the Group, is considered as CDMO activity. Some of these projects do not include a development phase, and in such cases the Group focuses on the manufacturing phase. The Group therefore describes this activity, which includes both types of business relationships, as "CDMO".

(f) Risks related to IT systems and Cybersecurity

Description of the risk factor	Main risk management measures
The Group relies on its own IT systems to conduct its business but outsources certain aspects of its information systems and certain business activities to service providers. The Group also entered into a transitional service agreement with Sanofi for the provision of IT services (see Section 3.2.3 “Risks related to contractual relations established with the Sanofi group” of the Universal Registration Document). Despite a policy aimed at strengthening and continuously monitoring the resilience and security of its IT systems, the Group’s inability to control a significant failure or interruption resulting from an incident (e.g., a power outage or fire), computer virus, cyberattack or other cause could jeopardize integrity, availability or confidentiality of the information system, gain access to sensitive information about the Group’s strategy and activities or certain personal data. The Group is exposed to the same risks in case of failure of the service providers. Such events could have a material adverse effect on the business, financial position, reputation, results and outlook of the Group.	Under the responsibility of the Chief Digital Officer, the Head of Cybersecurity is managing the security team and ensuring the effective implementation and management of the IT Cybersecurity roadmap. The cybersecurity roadmap was defined and deployed at Group level and with local teams at each manufacturing facility (involving Site Head responsibility) ensuring site-level compliance with the roadmap and strategy. The Group’s cybersecurity strategy is built on four pillars: ◦ protection of the Group’s IT assets, with resources such as antivirus and endpoint detection and response (EDR) solutions; ◦ monitoring of Company terminals using daily compliance indicators; ◦ detection of threats, using a security operations center (SOC) which relies on the various security tools deployed to detect and qualify security alerts and take appropriate action; ◦ accountability about awareness and training on cybersecurity is at site level. All employees are also responsible for any potential risk of cyberattack and remained aware of potential threat crisis management preparedness, including data backup and restoration capabilities.

(g) Risks related to social dialogue

Description of the risk factor	Main risk management measures
Labor disturbances such as strikes, walkouts, advocacy actions or other labor tensions could disrupt the Group’s business and have a significant negative impact on its image and on its business and results. In addition, the Group cannot exclude that changes related to the strategic development of the Group may affect some sites and cause disruptions in relations with its employees. Pursuant to the FOCUS 27 project (see Section 1.4. “Strategy and objectives” of the Universal Registration Document), the rationalization of the Group industrial footprint affects the Frankfurt site (two workshops could be mothballed to rightsize the small complex chemistry capacities) and leads to the Brindisi and Haverhill sites divestment. This announcement might have an impact on the Group’s social climate. The occurrence of any of these events could have an adverse effect on the Group’s business, financial position, results and outlook.	As part of the labor process necessary for its creation, from October 2021, the Group conducted negotiations to establish, in France, institutions representing employees comprising a Social and Economic Committee (Comité Social et Économique (CSE)) at the headquarters level, followed by a Central Social and Economic Committee. In addition, an equity-interest agreement and an incentive agreement has been put in place by the Group in France, in order to collectively guarantee eligible employees the right to participate in the results of their company and to collectively associate eligible employees with these results. To guarantee the quality of the social dialog, several studies were conducted on the basis of interviews and feedback. The items collected in these studies are used to develop action plans to prevent labor tensions. Employee representative bodies have been elected and implemented in Germany with a works council and spokesman committee as well as the establishment of works council in Hungary and Italy.

(h) Risks related to the Company's dependence on its key personnel and qualified employees

Description of the risk factor	Main risk management measures
The Group depends on the expertise of its management team and other key employees. The inability of the Group to attract, integrate and/or retain highly qualified personnel, particularly those in key functions, may pose a challenge to succession plans, adversely affect the implementation of the Group's strategy and its ability to achieve its objectives and could affect its business and operating income.	The Group initiated the implementation of a succession plan for persons in senior management functions, including programs for training and transmission of operational capabilities within the Group. As part of the implementation of its target organizational structure, the Group carried out an analysis to identify possible skills gaps. An active recruitment system has also been put in place. The system consists of various phases: planning and approval, candidate searches, profile reviews, interviews, selections and offers and post-recruitment. In addition, a training plan has been developed to address the deficit of certain skills and anticipate skill management needs.

(i) Risks related to climate change

Description of the risk factor	Main risk management measures
Climate related risks are created by a range of hazards. Some are slow in their onset (such as changes in temperature and precipitation leading to droughts, or agricultural losses), while others happen more suddenly (such as storms and floods). It is now widely recognized that climate-related impacts are not just a future threat and could have a material adverse effect on the business, financial position, results and outlook of the Group.	Since 2021, the Group has been working towards implementing EU Taxonomy. The Group adopted a double perspective when considering climate-related risks: ◦ impact of our activities on the environment and people; ◦ impact of climate change on our activities. In 2024, we will continue to work to address physical risks resulting from climate change that are either chronic (induced by longer-term shifts in climate patterns) or acute (event-driven) in a way that is consistent with the TCFD and the EU Green Deal classification. We commissioned a specific science-based study from an expert third-party to assess the current climate risks and associated natural hazards on the 11 most-critical locations located in 6 countries in Europe (including all our main sites & those of our key manufacturing and logistics partners in our supply chain) as well as their potential future evolution. The analysis was based on two climate change scenarios defined by the United Nations Intergovernmental Panel on Climate Change: ◦ RCP2.6 (+1.5°C by 2100 vs pre-industrial levels); and ◦ RCP8.5 (+4.3°C by 2100 vs pre-industrial levels). For each scenario and for each of the 11 locations, climate projections on 2030 and 2050 time horizons show likely evolutions across a range of indicators, including floods; heavy precipitation days; extreme heat conditions (including heatwave and freezing conditions), drought and water stress. This science-based study enhanced our understanding of the most relevant inherent climate-change related natural hazards for each site. It also allows to feed the Group risk management processes with new data and indicators. In addition to these global analyses, site-specific studies on natural hazards will also be conducted where necessary due to local conditions. Overall, the purpose of these different climate-related analyses is to feed our site-level risk assessments and business impact analyses. Ultimately, they feed into our regularly updated improvement, adaptation and mitigation plans addressing environmental and risk issues in the medium to long-term.

3.2.3 Risks related to the separation of the Group's activities from the rest of the Sanofi group's activities and the Group's structural organization

(a) Risks related to the influence exerted on the Company's business and strategy by Sanofi, the Company's main shareholder

Description of the risk factor	Main risk management measures
The Group's independence from its main shareholder is a key success factor for its business and technical relationships with other pharmaceutical laboratories. As of the date of the Universal Registration Document, Sanofi Aventis Participations, a company owned 100%, directly and indirectly, by Sanofi, holds around 30% of the capital and voting rights of the Company, and remains the Company's main shareholder. Therefore, Sanofi could have a decisive influence on strategic decisions of the Group, in view of Sanofi's relative weighting in the Group's revenue and as main shareholder. In addition, the revolving credit facility (the "RCF Loan Agreement") entered into by the Company on February 22, 2022 (see Section 4.3 Financial resources and liabilities paragraph relating to the "RCF Loan Agreement" of the Universal Registration Document) provides for, inter alia, an event of repayment and/or early cancellation in the event of a change in control of the Company at the request of any lender after a conciliation period of at least 60 days. A change of control would occur in the event that (i) Sanofi ceases to hold, directly or indirectly, on a fully diluted basis, at least 15% of the capital and voting rights of the Company and ceases to hold, directly or indirectly, the right to appoint or dismiss a member of the Board of Directors of the Company, (ii) any person (other than Sanofi) or group of persons acting in concert (unless Sanofi would hold a majority share in such a group), would acquire more than 50% of the voting rights of the Company or (iii) all or a substantial portion of the Group's assets would be sold to a non-Group member (in one or more transactions).	The Company established a governance structure that it considers to be in compliance with the AFEP-MEDEF Code (see Section 2.1.3. "Declaration of compliance with the corporate governance system in force" of the Universal Registration Document). In this regard, it should be noted that Sanofi, through its subsidiary Sanofi Aventis Participations, has only one representative out of a total of twelve members of the Board of Directors of the Company as of the date of this Universal Registration Document. Among the Board of Directors, six of them are independent according to the criteria defined in the AFEP-MEDEF Code. Both companies (Sanofi and EUROAPI) do not have any executive corporate officers in common (Chief Executive Officer and/or Deputy Chief Executive Officer). In addition, Sanofi and EPIC BpiFrance have agreed to extend the duration of their lock-up until December 2025 to support the Focus-27 project deployment by ensuring the stability of the shareholding structure.

(b) Risks related to difficulties or delays in implementing the internal control procedures and appropriate IT systems necessary for the proper functioning of the Group

Description of the risk factor	Main risk management measures
Following the Prior Reorganization Transactions (see Section 3.1.1 "Description of the Prior Reorganization Transactions" of the Universal Registration Document), the Group may experience difficulties in implementing the changes necessary to gain operational autonomy from the Sanofi group (from which it was carved out) or fail to achieve the necessary organizational structures and methods for its proper functioning within a reasonable time. To comply with its internal control obligations and those obligations that applies to it as from the Company's listing, the Group has therefore developed additional financial and management controls, reporting systems and procedures and hired additional accounting and finance staff. Despite these measures, it may not be able to put the necessary reporting structures and internal control procedures in place in a timely manner. The Group could discover weaknesses or areas for improvement in its internal control and/or internal audit system, which could lead to previously unidentified difficulties such as difficulty in producing financial statements in a timely manner or the inability to prevent or detect all errors and/or instances of fraud. The Group could also be investigated and/or incur penalties levied by regulatory authorities in France or abroad. In addition, given its small size compared to the Sanofi group and the limited experience of its employees with its new scope, some Group employees, initially part of the Sanofi group, may have difficulties adapting to the Group's scope, size and/or corporate culture or adopting the new organizational structures and methods of the Group and/or experience difficulties in integrating staff from various business backgrounds. These difficulties could also cause social disruptions (see Section 3.2.2 (g) "Risks related to social dialogue" of the Universal Registration Document). Any inability by the Group to put in place adequate internal controls in a timely manner and/or maintain appropriate and effective internal control procedures in the light of its new structure could have a material adverse effect on the Group's business, reputation, outlook, financial position and operating income. In addition, the Group's IT systems may not be immediately mature and fully operational, including with respect to protection against cyberattacks (see Section 3.2.2 (f) "Risk related to IT systems and cybersecurity" of the Universal Registration Document). The Group, which was created following the Prior Reorganization Transactions conducted between March 2021 and January 2022, has limited experience as a stand-alone company, which could expose it to difficulties and/or delays in the establishment of these structures and procedures, unanticipated additional costs or even previously unidentified difficulties. Delays in the organization of internal control, internal audit and IT systems may also delay the achievement of strategic objectives.	In early 2022, the Group Internal Control & Internal Audit Department launched the first Group Internal Control Framework, listing the controls created by global process owners to cover their identified function / business risks. The annual self-assessment of internal controls is now rolled-out to all relevant operational process owners within EUROAPI for providing their evaluation of controls for their perimeter. Therefore, the integrity of the self-assessment as well as the efficiency of the respective processes has been screened. Furthermore, a monitoring of the implementation status of action plans, which have been set-up during the self-assessment cycle, is now part of an ongoing process. The internal auditing activities have been outsourced to a recognized service provider to ensure the professionalization of these tasks and adequate resources adapted to the Group's size. During 2023, six audits were performed. For the detected deficiencies adequate action plans with deadlines have been set-up by the relevant process owners. A close monitoring of the implementation of action plans will be carried out. A regular communications and change management program for Group employees and managers was established prior to the review of the social agreements initiated at the beginning of the second quarter of 2021 as part of the Prior Reorganization Transactions. In addition, the Group has initiated a cultural transformation program based on its values and expected behaviors (taking ownership, achieving together, driven by our clients and caring for all) and has established indicators that will enable its employees to assess their performance under the new scope and that will be used for the variable remuneration that may be awarded to them. The information technology systems and procedures specific to the Company with regard to internal control and internal audit have been adapted to the specific characteristics of the Company.

(c) Risks related to contractual relations established with the Sanofi group

Description of the risk factor	Main risk management measures
The Group currently supplies significant quantities of certain APIs to Sanofi under a manufacturing and supply agreement, as amended (the "Global Manufacturing and Supply Agreement") entered into as part of the completion of the Prior Reorganization Transactions, with effect from October 1, 2021, for a period of five years following the loss of control by Sanofi resulting from the Company's initial listing, which is renewable by mutual consent and was amended on March 1, 2022 (see Paragraph "Manufacturing and supply agreements for certain APIs" of the Section 3.1.1 "Description of the prior Reorganization Transactions" of the Universal Registration Document). The Group has also entered into other commercial agreements with Sanofi in connection with the completion of the Prior Reorganization Transactions (see Paragraph "Manufacturing and supply agreements for certain APIs" of the Section 3.1.1 "Description of the prior Reorganization Transactions" of the Universal Registration Document) such as (i) the Reverse Manufacturing and Supply Agreements, as amended, under which Sanofi manufactures several items in the value chain of certain APIs on behalf of Francopia and of vitamin B12 salt derivatives on behalf of EUROAPI France, (ii) the distribution agreement, as amended on February 25, 2022, under which the Group acts as a distributor of some of the APIs manufactured by Sanofi (see Paragraph "Distribution Agreements for certain APIs" of the Section 3.1.1 "Description of the prior Reorganization Transactions" of the Universal Registration Document) and (iii) the Master Agreement for Development and GMP Manufacturing Services under which Sanofi and the Group both act, as the case may be, as a provider or as a beneficiary of services relating to the development of certain APIs for the CDMO services (see Paragraph "Special agreements between the Group and the Sanofi group relating to the development of APIs" of the Section 3.1.1 "Description of the prior Reorganization Transaction of the Universal Registration Document). The Global Manufacturing and Supply Agreement and the distribution agreement contain fixed price clauses for the duration of the agreement, subject, in the case of the Global Manufacturing and Supply Agreement, to modulation mechanisms for the pricing policy. Any one of these agreements may be terminated early, may not be renewed automatically when it expires, or may be renewed on less favorable terms. The supply of APIs to the relevant subsidiaries of Sanofi may also be interrupted, or the Group may not be in a position to win certain tenders launched by Sanofi, or Sanofi may decide to cease the marketing of all or part of some drugs. Likewise, and to a lesser extent, Sanofi may not meet all or some of its obligations under Reverse Manufacturing and Supply Agreements and/or the distribution agreement to supply APIs intended for distribution by the Group, which could have a negative effect on the Group's revenue and level of profitability. The Master Agreement for Development and GMP Manufacturing Services dated October 1, 2021, relating to the development of key molecules for the Group's CDMO activities, and the development agreement entered into with Opella Healthcare Group SAS (a subsidiary of the Sanofi group's consumer healthcare business) provide that each current and future development/manufacturing project for a molecule on behalf of Sanofi or Opella Healthcare Group SAS under these agreements will be the subject of a specific application contract specifying the terms of the project. It is specified that Sanofi and Opella Healthcare Group SAS will have the opportunity, assessed for each application contract, to terminate any specific application contract for the development/manufacture of a molecule taken in the context of these agreements, in the event of a takeover of more than 50% of the Company by a third party company that itself develops or sells a molecule or a product competing with the molecule developed/manufactured by the Group on behalf of Sanofi or Opella Healthcare Group SAS. The parties may deviate from this principle or specify the concept of a competitor, application contract by application contract and molecule by molecule (see Paragraph "Special agreements between the Group and the Sanofi group relating to the development of APIs" of the Section 3.1.1 "Description of the prior Reorganization Transaction of the Universal Registration Document). In addition, Sanofi currently provides IT and other services to the Group under a Transitional Service Agreement entered into by and between the Group and the Sanofi group (see Paragraph "Service supply agreements" of Section 3.1.1 "Description of the prior Reoarganization Transaction" of the Universal Registration Document). The services provided by the Sanofi group include the maintenance of certain applications and infrastructure support by the partner that provides those services for Sanofi and payment by Sanofi of subscription and license fees. If the transitional service master agreement or any other agreement with Sanofi were to be terminated or if the provision of those services was interrupted and the Group could not quickly put in place an equivalent alternative to those services, in particular by recruiting the necessary staff or through agreements with third parties, this could have a material adverse effect on the Group's business, financial position and operating income. The occurrence of any of these events could have a material adverse effect on the level of production of certain key Group products and therefore on its business, financial position, results and outlook.	In accordance with the terms of the Master Carve-Out Agreement entered into by and between the Company and Sanofi, which lays down the general principles and organizes the terms and conditions for the completion of the Prior Reorganization Transactions, the Company and Sanofi have appointed a committee to monitor the Prior Reorganization Transactions and a committee to monitor the commercial relationships between the parties. Both committees will continue to meet for a period of three years, and five years from the Loss of Control by Sanofi, respectively. In addition, the Global Manufacturing and Supply Agreement entered into by the Group with effect from October 1, 2021, has a term of five years following the loss of control by Sanofi. Finally, for several products, the Group acts as the sole source of supply listed in the Sanofi group's regulatory file for a specific drug. However, the 2024 and 2025 cumulated demand forecasts for API received from Sanofi in early 2024 were significantly below projections. In addition to the volume reduction, higher raw materials and energy prices, which could not be fully reflected in price increases as per the current MSA, weighing on the profitability of our API Solution business. Acknowledging the need for both parties to adapt their commercial relationship to the current environment, Sanofi and EUROAPI have agreed on a series of revisions to the Manufacturing and Supply Agreement, including (see Section 3.1.1 "Description of the prior Reorganization Transactions" of the Universal Registration Document): ◦ cancellation of the mutual performance clause. This clause required notably EUROAPI to retrocede to Sanofi a portion of the fixed and variable cost savings realized on APIs sold to Sanofi annually until the end of 2026; ◦ price increases for 6 selected APIs; ◦ evolution of the pass-through clause for key raw materials and solvents, with full compensation by Sanofi in case of a price increase above 20%; ◦ narrowing of the price-volume corridor, an annual compensation mechanism protecting both parties from annual revenue fluctuation; ◦ shortened payment terms; ◦ intermediate inventory compensation; ◦ incentives for manufacturing and technology transfer of some specific APIs and intermediates; ◦ support services by Company in case of discontinuation of certain APIs by Company; ◦ incentive for a capacity extension project for one API.

(d) Risks related to the representative nature of the consolidated financial statements and other historical financial information presented in the Universal Registration Document

The historical consolidated financial information of the Group contained in Chapter 4 "Financial information and financial statements" of the Universal Registration Document has been extracted from the consolidated financial statements of the Sanofi group for the year ended December 31, 2021, as the Sanofi group has not historically prepared financial statements that isolate the business of the Group's scope of consolidation. Although the Group did not own the companies and activities included in its current scope of activity during the periods in question, the consolidated financial statements present, on a consolidated basis, the assets, liabilities, income and expenses directly related to the Group's business and recognized within the Sanofi group during the periods under consideration.

In addition, the Universal Registration Document contains Group performance indicators whose publication is not required, or that do not include a definition provided for in IFRS accounting standards, such as revenue broken down by flow, product category and nature of sales, gross margin, core EBITDA, EBITDA and the conversion of core EBITDA to free cash flow (Core FCF Conversion) (see Section 4.2.6 "Alternative performance measures" of the Universal Registration Document). To the extent that the historical organization of the Group's activities diverges from the organizational target and reporting structure decided upon when the Prior Reorganization Transactions were put in place, these performance indicators for the years ended December 31, 2021 have been restated to enable investors to better understand the Group's new business model effective as of the date of the Universal Registration Document as part of its independence from the Sanofi group (see Section 4.2.6 "Alternative performance measures" of the Universal Registration Document) and understand the changes in the Group's results as well as the items that may influence its future results.

The alternative performance indicators described above, where appropriate on a restated basis, may not be comparable to the indicators named in a similar manner by other companies. Moreover, even though these indicators are presented to enable investors to better understand the Group's new business model, they are provided for illustrative purposes only and prepared on the basis of a number of assumptions. They are therefore not necessarily representative of what the Group's financial position and operating income (loss) would have been if it had carried on its business as a separate and autonomous entity during the periods presented in the Universal Registration Document and are not indicative of the Group's future performance.

3.2.4 Risks related to the Company's financial position

(a) Exchange rate risks

Description of the risk factor	Main risk management measures
The Group sells and markets its APIs in over 80 countries. It is therefore exposed to foreign exchange risk arising from various exposures to currencies other than the euro, which is the Company's functional currency and the reporting currency for the Group's consolidated financial statements. The Group's main exchange rate risk exposure currencies are the US dollar (USD), Hungarian forint (HUF), British pound (GBP) and Japanese yen (JPY). A share of the Group's expenses is denominated in US dollars (USD), while the majority of its sales are denominated in euro (EUR), with the resulting exchange rate risk. The monitoring and evaluation of trends in exchange rate fluctuations is centralized by the finance team at the Group level. Nevertheless, the Group cannot exclude that an unfavorable change in the exchange rates of the above currencies may have an adverse effect on its consolidated financial position and results.	The overall management of exchange rate risk for the Group as a whole is overseen by the Group's finance department. The only authorized instruments will be spot, swap and forward purchases/sales as well as vanilla exchange options (call/put). The Group does not use financial instruments on a speculative basis.

(€ million)	Impact on operating income		Impact on shareholder's equity	
Dec. 31, 2023	10% increase	10% decrease	10% increase	10% decrease
GBP	1.1	(1.1)	6.3	(6.3)
HUF	0.2	(0.2)	27.6	(27.6)
USD	(2,5)	2.5	0.8	(0.8)
JPY	1.4	(1.4)	0.6	(0.6)
Total	**0.3**	**(0.3)**	**35.3**	**(35.3)**

(b) Interest rate risks

Description of the risk factor	Main risk management measures
The Group's exposure to interest rate fluctuations relates exclusively to the €451 million RCF Loan Agreement, which bears interest at a EURIBOR-indexed variable rate, plus an applicable margin. In the event that EURIBOR is below zero, this rate will be considered as equal to zero (see Section 4.3 Financial resources and liabilities paragraph relating to the "RCF Loan Agreement" of the Universal Registration Document). The Group may be required to put in place appropriate hedging products in line with the distribution targets between fixed and variable rates. As of the date of the Universal Registration Document, taking into account the policy rates set by central banks and the expectations of rate increases, the Group has not put in place such instruments.	Given the centralization of financing, interest rate risk is localized at the Group level. The only instruments allowed are swaps and so-called vanilla (cap/floor) exchange options. The Group does not use financial instruments on a speculative basis.

(c) Liquidity risks

Description of the risk factor	Main risk management measures
Liquidity risk is the risk of not having the necessary funds to meet commitments at maturity. This includes the risk that assets cannot be sold quickly on satisfactory terms in case of need and the risk of anticipated liability or lack of access to credit on satisfactory terms. As of December 31, 2023, the Group is in a negative cash position in the amount of €171million. In a crisis situation, the Group may not be able to obtain the necessary financing or refinancing to implement its investment plan or obtain such financing or refinancing on acceptable terms. As of December 31, 2023, the Group's financial liabilities included €161.7 million in accounts payable, €136.1 million in other current liabilities and €20.1 million in lease liabilities. On February 22, 2022, the Group entered into a €451 million RCF Loan Agreement, which may be drawn down as from the admission of the Company's shares to trading on the regulated market of Euronext Paris. The RCF Loan Agreement contains certain affirmative and negative undertakings, including: ◦ the commitment to comply with a leverage ratio (representing consolidated net debt divided by consolidated core EBITDA) of less than or equal to 4; ◦ the commitment not to divest, each year, more than 15% of consolidated assets (or, if this amount is greater, assets in an amount greater than €200 million); ◦ the commitment not to make large-cap acquisitions funded in whole or in part by the RCF Loan Agreement without the prior approval of the lenders; ◦ the commitment not to create certain security interests (pledges); ◦ the commitment not to enter into any merger, spin-off or regrouping that would result in the dissolution of the Company; ◦ the commitment by the Company's subsidiaries not to incur debt in an aggregate amount exceeding 20% of the Group's consolidated debt; and ◦ the commitment not to grant loans to third parties or enter into transactions involving derivatives of a speculative nature. Each case is subject to the usual exceptions for this type of financing.	The Group has set up a centralized cash flow driven by the Company for all of its subsidiaries (cash pivot and centralized management of financing). Monitoring will be provided by a company computer tool that will make it possible to retrieve the bank statements of all Group subsidiaries and the issuance of almost all payments. Electronic payments not managed by the said IT tool will be administered by the Group through the online banking services of its banking partners (mainly in Japan and China). In addition, on February 22, 2022, the Group entered into the €451 million RCF Loan Agreement, effective as of the admission of the Company's shares to trading on the regulated market of Euronext Paris. Pursuant the FOCUS 27 project (see Section 1.4. "Strategy and objectives" of the Universal Registration Document), the End-to-End processes will continue to be strengthened allowing the Group to improve the working capital through inventory reduction objectives and the deployment of a factoring project in 2024.

3.2.5 Legal and regulatory risks

(a) Risks related to product liability

Description of the risk factor	Main risk management measures
Activities related to the manufacture, import, export and marketing of products used in the composition of drugs, in particular APIs, are subject to rules and controls by the authorities with the ultimate purpose of ensuring drug quality. The Group produces APIs and intermediates in the composition of drugs for human use. Failure by the Group to comply with regulations, standards or contractual commitments would expose the Group to liability in civil, criminal or commercial disputes. In addition, the Group could be exposed to administrative fines, temporary or permanent closure of a site, partial or total closure of certain API production lines with additional financial costs for the Company and/or its management by a third party, or a potential prohibition on sales or distribution of the Company's products in certain jurisdictions. The Company may also be subject to claims and legal proceedings brought by customers alleging that they have suffered losses as a result of a non-compliant product, including reimbursement, product recall, claims for contractual damages, late payment penalties, breach of consumer laws or health issues. In addition, non-compliant products could result from quality control deficiencies or the presence of mutagenic impurities at a level higher than the acceptable daily content. Should the Group be unable to resolve an event of non-compliance affecting one of its products or the risking of its liability for its products, its reputation and the marketing of its products could be heavily and seriously affected, which could have a material adverse effect on the Group's financial position, results and, where appropriate, outlook. For example, in March 2024, an internal audit of the Company on the Brindisi site (Italy) has revealed, some quality control deficiencies throughout the production site. Consequently, the Company announced on March 14th, 2024 that its Italian subsidiary has suspended the production of all APIs in Brindisi, alerted the relevant health authorities, its customers and other stakeholder potentially impacted by this event.	The Group Quality Management System and organization have been designed to deliver clients with fully compliant products and services (including GDP, GMP, GRP standards) meeting their expectations in terms of quality and supply. In the performance of all the Group operational activities, Quality starts with full engagement of its employees to respect standards, carefully designed, risk based, and continuously revised to meet the latest regulations and practices. Quality training programs allow to maintain employees' skills at a high level of standard. Our Quality Management System is audited on a regular basis by both internal and external auditors. Between 2018 and 2021, the Group conducted a risk analysis of the entire portfolio of APIs transferred to the Group related to the presence of nitrosamine impurities, which represent a mutagenic risk for the patients. This risk analysis has shown that there is no risk for nearly all the APIs produced by the Group. In particular, the absence of Nitrosodimethylamine and Nitrosodiethylamine impurities was proven for sartans such as Irbesartan and Olmesartan Medoxomil. In 2022, additional expertise has confirmed further the absence of patient risk versus Nitrosamine Drug Substance Related Impurities (NDSRIs) for certain APIs such as Metamizol and Ramipril. For 2 other active ingredients, Rifampicin and Rifapentine, nitrosamine content is monitored on each batch in line with Health Authorities' recommendations and the Group is developing a remediation plan in line with health authorities' expectations. Indeed, in October 2023 the Group announced that validation of a new process for our rifampicin API is in progress in order to meet nitrosamine impurity acceptable limit. Rifampicin is among the most commonly used antibiotics in tuberculosis treatment and features on the World Health Organization's (WHO) list of essential medicines. The Group also continues to proactively assess the risk of mutagenic impurities in its key APIs over the next five years in accordance with the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) guideline M7(R1) on assessment and control of DNA reactive (mutagenic) impurities in pharmaceuticals to limit potential carcinogenic risks. This expertise will enable the Group to ensure risk control and develop a competitive advantage over its competitors by offering its pharmaceutical customers regulatory files that comply with the current requirements of the authorities. Depending on the chemical process applied by the Group, the identification of a mutagenic impurity may be a competitive opportunity factor in the event of compliance with the applicable regulations. Moreover, as of October 1, 2021, Sanofi has agreed to compensate the Company for the costs related to the studies required to develop regulatory state-of-the-art data (including mutagenic impurities assessment, analytical methods validation) of a list of APIs included in the scope of the Transferred Activity, up to a maximum amount of €15.0 million (see Section 3.1.1 "Description of the prior Reorganization Transactions" paragraph "Agreements signed by the Sanofi group and the Group for the execution of the Prior Reorganization Transactions" of the Universal Registration Document). This remediation plan will cover all studies needed from 2021 to 2025.

(b) Risks related to environmental and safety regulations and environmental liabilities

Description of the risk factor	Main risk management measures
The Group operates in a restrictive legislative and regulatory environment with respect to environmental protection, public health and safety. These regulations are undergoing significant changes and adopting increasing restrictions and even bans on certain chemicals (substances of very high concern). Such developments could force the Group to invest significantly in order to anticipate and, where appropriate, remedy such restrictions and/or prohibitions (research and development of alternative substances, requests for authorization). Similarly, such restrictions and/or prohibitions could, in the absence of alternatives, lead to the reduction, suspension or cessation of the production of certain products or the operation of certain production units, without the assurance of compensation for the corresponding losses. In the event of non-compliance with environmental regulations or with the requirements imposed by operating licenses and authorizations (aqueous releases and/or accidental leaks, emissions, waste treatment), the Group is subject to administrative and/or criminal penalties, or even temporary or permanent closure of the sites affected. The personal criminal liability of its officers, as individuals, could also be sought in connection with these events of non-compliance. Finally, due to their age and/or original location or use (pharmaceutical or other), some of the Group's industrial sites or neighboring sites have historical contamination of soil and/or surface water and/or shallow and deep aquifer water. The Group cannot exclude being charged to remedy such contamination in the future in its capacity as an industrial operator responsible for the related environmental liabilities, including potential historical liabilities linked to operational activities. To that end, provisions were recognized by the Group to cover environmental risks (see the amount of provisions for environmental risks as of December 31, 2023 in Note 5.13.1 of the consolidated financial statements in Chapter 4 "Financial information and financial statements" of the Universal Registration Document. At December 31, 2023). The environmental liabilities that may emerge on the Group's sites may have a material adverse effect on the Group's business, reputation, results, financial position and outlook.	The Group devotes a significant share of its investments to the maintenance of its industrial equipment, the compliance and safety of production equipment and facilities and the improvement of productivity. Actions to remedy the historical impacts arising from the activities conducted on the Vertolaye and Saint-Aubin-lès-Elbeuf sites are being carried out under the supervision of the competent administrative authorities. The Group's sites are implementing regulatory oversight and employing local third-party companies to implement advanced regulatory oversight to comply with the latest regulatory developments and anticipate potential regulatory developments by identifying weak signals and regulatory trends. Furthermore, all the industrial sites of the Group achieved ISO 14001 (best environmental practices) and ISO 50001 (best energy practices) certification in 2023. In order to mitigate risks related to environmental liabilities, on December 31, 2023, the Group recorded provisions for environmental risks for a total amount of €42.1 million to cover, in particular, risks related to the current on-site hydraulic containment of polluted aquifer with the installation of hydraulic pumps in order to confine polluted shallow and deep aquifer water outside the boundaries of the relevant land and the application of corresponding regular control measures in such locations as Frankfurt, Brindisi, Budapest and Vertolaye. However, no assurance can be given that these provisions are sufficient to cover the actual costs incurred in relation to the identified contamination. The Group also has insurance covering environmental liabilities prior to the date of the transfers for a period of ten years from October 1, 2021, and for a maximum amount of €50 million (subject to the usual exclusions for this type of insurance) and a commitment by Sanofi to assume the remediation costs identified at certain non-operational Group sites located in France, limited to €16.7 million (see Section 3.1.1 "Description of the prior Reorganization Transactions", paragraph "Agreements signed by the Sanofi group and the Group for the execution of the Prior Reorganization Transactions" of the Universal Registration Document).

(c) Risks related to the laws and regulations applicable to the Company's activities

Description of the risk factor	Main risk management measures
The Group operates in a very restrictive and highly evolving legislative and regulatory environment applicable at all times in the life of products, production and distribution processes and terms of use. Changes to these regulations, their interpretation by the competent courts or authorities, and changes to the applicable good practices create increasing constraints. International and national authorities have very broad powers of authorization, inspection and sanctioning and may impose financial penalties or technical constraints such as suspensions, product or site operating bans, product removals or recalls. Health authorities have also the power to decide to suspend or withdraw product authorizations if regulatory standards were not applied, which could result in production delays, with a material adverse effect on the Group's competitive position, business, financial position, statement of operations and cash flows. In addition, the Group operates in a field that falls within the scope of regulations applicable to foreign investments in France, particularly in the area of public health. As a result, certain foreign investments may be subject to prior authorization by the Minister of the Economy, who may attach one or more conditions to the authorization of such a transaction and, in certain cases, refuse to grant such authorization.	The Group's Quality Department monitors applicable regulations and ensures that harmonized quality standards are applied throughout the world in order to comply with regulatory requirements. In addition, as of October 1, 2021, Sanofi has agreed to compensate the Company for the costs related to the studies required to develop regulatory state of the art data (including mutagenic impurities assessment, analytical methods validation) of a list of APIs included in the scope of the Transferred Activity (as defined in Section 3.1.1 "Description of the Prior Reorganization Transactions" of the Universal Registration Document).

(d) Legal risks related to the operation of activities under exclusive rights

Description of the risk factor	Main risk management measures
Through its subsidiary Francopia, the Group markets alkaloids, including opiates-controlled substances, for the composition of narcotic products in France, Canada and Japan, but excluding some countries such as the United States. Francopia is, as of the date of the Universal Registration Document, the only operator in France authorized by the ANSM to market alkaloids on French territory. The ANSM has also put in place an import quota regime that limits the sale of alkaloids in France by other companies located outside France. However, in countries in which the Group markets alkaloids, health authorities such as the ANSM might decide to allow higher import quotas (currently limited in France to 10% of the volumes of APIs used by opiate drug producers operating in France), thus forcing the Group's products to face increased competition. Similar quotas exist in other countries, in particular the United States and Spain, which limit the marketing of the Group's alkaloids. The consequences of such a decision could have a material adverse effect on the Group's business, the selling price of the Group's products and, consequently, the Group's financial position, results and outlook. The risk of dependence of the Group on the Sanofi group, which produces all of the alkaloids marketed by Francopia, is described in Section 3.2.2. b) "Risks related to supply difficulties, raw material and energy costs, and relationships with certain suppliers and subcontractors" of the Universal Registration Document.	Francopia's business in France is under the control of the International Narcotics Control Board (INCB) in accordance with the principle of "one country, one producer" that arose from the 1961 United Nations Single Convention on Narcotic Drugs. In this context, the ANSM has introduced an import quota scheme to define the scope of Francopia's exclusivity for French pharmaceutical operators.

(e) Risks related to compliance and ethics actions or investigations

Description of the risk factor	Main risk management measures
The Group's activities are subject to various compliance and business integrity regulations. Due to its market and geographical coverage, the Group is also exposed to risks related to non-compliance with the provisions of competition law. Despite the Group's efforts, inappropriate or illegal behavior by its employees, officers and/or external third parties acting in the name and on behalf of the Group could occur and could expose the Group and/or its officers to potential prosecution and penalties, including fines. Actions or investigations regarding compliance and business integrity related, for example, to allegations of corruption, money laundering, misappropriation of property, conflicts of interest or non-compliance with procedures, including procurement, manufacturing or quality process, in connection with the Company, its employees and suppliers, and in particular with regard to competitive and business practices, the Quality System, the protection of employees, the environment, personal data and other legal matters could affect the reputation, business, operating income and financial position of the Group.	As part of its creation and implementation of its organization and governance, the Group has adopted a set of policies designed for all its employees to ensure the integrity of the Group's business practices, the management of its information and the protection of its employees. These policies include an anti-corruption policy, a conflict-of-interest policy, a policy on donations and other contributions, a whistleblowing policy and a disciplinary policy, all translated in local language.

3.3 INSURANCE AND RISK COVERAGE

3.3.1 Insurance policy

The Group's insurance policy is coordinated by the Group's Assurance Department with the support of the operational departments.

The implementation of insurance policies is based on the determination of the level of coverage necessary to handle the reasonably estimated occurrence of liability, damage or other risks. This assessment relies on the outputs of the Group's Risk Management processes associated to the expertise of the Group's insurance broker and the insurer risk underwriters. Non-insured risks are those for which there is no offer of coverage on the insurance market or those for which the offer of coverage and/or its cost are not in line with the potential interest of the insurance or for which the Group considers that the risk does not require insurance coverage.

In particular, the Group has taken out property damage/operating loss, civil liability, environmental and cargo policies with internationally renowned and solvent insurance companies. The Group's policies are supplemented, for risks not covered by them, on a case-by-case basis by policies written locally for a particular subsidiary or site.

3.3.2 Risk coverage policy

Objectives

Risk control is considered a priority by Group management, which closely links internal controls to internal audits. The Group's risk management and internal control systems are based on the Sanofi group's internal control and risk management practices, adapted to the Group's business model, geographic footprint and size. They are in turn based on a range of appropriate resources, procedures and actions to ensure that the necessary measures are taken to enable the Group to:

- achieve its objectives, fulfill its missions, and detect development opportunities in all of its fields of activity while adhering to its values and ethics and complying with laws and regulations; and
- protect its core assets that are the foundations of its business, identify critical points and potentially risky internal and external events and situations for the smooth operation of its business.

Organizational framework

The risk management process and internal controls, which allow the Group to identify and prevent the risks that it may face, are overseen by the assurance and finance departments. The Assurance Department, which also brings together the Group's expertise in Risk management, Insurance, Internal Control and Internal Audit, reports to the Group CFO and feeds the Group Executive Committee to support decision making. For Internal Audit activities, the Chief Assurance Officer is directly reporting to the Audit Committee of the Supervisory Board.

Within each of the Group industrial site, a Business Continuity Plans Coordinator is responsible for identifying industrial risks, which are then coordinated at Group level by an Industrial Operations Program Project Manager. In addition, the identification of business risks, strategic projects and health, safety and environmental (HSE) risks is the responsibility of the Sales Operations Department, the Strategy Department and the Industrial Affairs Department. Risks related to the Company, other global support functions and disputes are identified at the Group level by a Risk Manager within the Assurance Department.

Internal control is the responsibility of everybody within the operational departments of each of the Group's entities, under the control of the Assurance Department, which coordinates the operation of the whole system. It plays a central role in making sure that the procedures applicable at Group level are well established and supports the definition of the framework within which subsidiaries exercise their internal control responsibilities.

Risk management and internal control system

The Group's overall risk management and internal control system is based on several elements, including but not limited to:

- standardized procedures by business line and function;
- operational risk key controls;
- management of the Group's overall risks at different scales (functional departments, subsidiaries);
- mapping of the Group's major risks validated by the Group's executive committee in December 2023;
- monitoring of the Group's internal control system; ethical system and organization comprising the Group's procedures and Code of Ethics and training courses put in place since 2022; and
- internal audit, which, as an independent assurance function and being outsourced, assesses the efficiency and functioning of the system as a whole.

Group risk management

Group risk management within the Assurance department refers to the measures put in place by the Group to identify, analyze and mitigate the risks it is exposed to. The process for developing and reviewing the risk includes the following:

- a group risk map developed by the Risk Manager, which was implemented in 2020 with the Company risk management framework, allowing the identification of the main risks to which the Group is exposed and assesses, for each of them, their potential impact as well as the action plan put in place, and in particular the persons responsible within the Group for monitoring the remediation plans and associated controls. This risk map is regularly updated;
- a group Key Controls Framework updated at least yearly and self assessed once a year leading to dedicated action plans;
- an audit plan formally approved by the Audit Committee and performed by KPMG leading to reports and recommendations duly followed during follow-up campaigns (3 times a year);
- an insurance coverage adequately dimensioned to reduce Group exposure in case of unexpected major incident.

The risk exposure is presented regularly by the Chief Assurance Officer, to the Group Excom and to the Audit Committee, and, at its request, to the Board of Directors or to one of its other committees.

Ethical measures and organization

Ethics and anti-corruption rules are key values and a major concern of the Group. The Group now has a compliance, ethics and personal data manager and has put in place procedures and a Code of Ethics. It also expects its partners, mainly its suppliers and customers, to comply with its ethics and anti-corruption policy. A whistleblowing system was implemented mid-2022. It allows employees and external stakeholders to raise the alert on the potential of actual violations of laws, standards, internal policies of Code of Ethics.

In addition, the prohibition on engaging in fraudulent practices is the subject of dedicated training modules (notably code of ethics, anti-bribery, conflict of interests, donations and contributions) and extensive communication within the Group to raise awareness among employees and limit the risks related to corruption and ethics. The Head of Ethics and Compliance also delivered in person trainings to all the local leadership teams on the Group's Ethics and Compliance standards.

Moreover, and to build a strong compliance culture, the Group has appointed more than 30 compliance champions throughout the world to make sure that Ethics & Compliance standards are widely disseminated and applied.

In 2022 and as per French Sapin II law requirements, a bribery risk mapping exercise was conducted by the Head of Ethics and Compliance and is updated on a regular basis.

3.4 REGULATORY ENVIRONMENT

3.4.1 Sector regulations

The pharmaceutical and biotechnology sectors for human and animal health are highly regulated. National and supranational health authorities have established a broad set of legal and arbitration proceedings requirements, regulations and guidelines to regulate the clinical trials and quality standards necessary for the approval of new drugs and for their safety and efficiency optimization. In particular, these authorities regulate the quality system to be put in place, as well as the development, manufacture, control, distribution and marketing of the products.

In general, medicinal product manufacturers must ensure compliance with regulations and standards for products used in the composition of drugs, including active pharmaceutical ingredients (APIs). Activities related to the manufacture, import, export and marketing of APIs are thus subject to rules and controls by the authorities with the ultimate purpose of ensuring drug quality.

Activities related to APIs are subject to good manufacturing practices ("GMP") and good distribution practices ("GDP"). For example, an international GMP standard (ICH Q7 Good Manufacturing Practice (GMP) for the Manufacturing of APIs) has been developed by the International Council for Harmonization (ICH) of Technical Requirements for Pharmaceuticals for Human Use, a body created in 1990 and reformed in 2015. The ICH also develops guidelines concerning product quality and quality system requirements, based on a scientific consensus among representatives of pharmaceutical regulatory bodies and experts. These guidelines are then implemented by international and local authorities that recognize the ICH.

In addition, production sites must be registered with their local health authorities, such as, for example, the National Agency for the Safety of Medicines and Health Products (*Agence Nationale de Sécurité du Médicament et des produits de santé* – "ANSM") in France, the Medicines and Healthcare Products Regulatory Agency ("MHRA") in the United Kingdom, and the Italian Medicines Agency (*Agenzia Italiana del Farmaco* – "AIFA") in Italy, as well as with the international health authorities of other countries in which the products are marketed, such as the Food and Drug Administration ("FDA") in the United States or the Pharmaceutical and Medical Device Agency ("PMDA") in Japan. The Group's six production sites are registered with their local health authorities, as well as with the FDA and the PMDA, and are audited by these agencies. Finally, exports and imports of APIs worldwide are also subject to laws, regulations, guidance documents and standards issued by supranational, national or local authorities.

European Union

The placing of APIs on the market

In the European Union (except in Italy), the placing of APIs on the market is not subject to a marketing authorization, unlike medicinal products. However, according to Annex I of European Directive no. 2001/83 (EC) (for medicinal products for human use) and Annex I of European Directive no 2001/82 (EC) (for medicinal products for veterinary use), the marketing authorization application for a medicinal product must contain information concerning the API(s) contained in that medicinal product. For the purposes of providing this information, the manufacturer of an API can choose one of three types of procedures:

- establish a permanent file on the API (Active Substance Master File ("ASMF"));
- obtain a certificate of compliance with the European Pharmacopeia ("CEP"); or
- provide the market authorization applicant/holder with the chemical documentation to allow the file in question to be completed.

The first two options are preferred by the Group for confidentiality reasons between the different parties (marketing authorization holder and API manufacturer) and ease of registration in the case of multiple customers.

Creation of a permanent file on the API (ASMF)

The ASMF contains information including a detailed description of the manufacturing process, quality control during manufacturing, and process validation. The ASMF is submitted to the competent health authorities by its holder – the manufacturer of the API – only in support of a market authorization application or a change in the market authorization package, which are themselves submitted by the manufacturer of a medicinal product containing the API. The API manufacturer's submission of the ASMF must therefore be concurrent with the filing of the marketing authorization application by the medicinal product's manufacturer with the competent authority. The ASMF consists of a so-called "closed" part containing information considered confidential by the manufacturer of the API, such as information relating to intellectual property or know-how, and accessible only to the competent authorities. Only the "open" part of the ASMF is accessible to marketing authorization applicants whose medicinal product contains the same API and must include the information needed by the product's manufacturer. The marketing authorization applicant is fully responsible for the contents of its application file and must have all the

information necessary to ensure the API's suitability for the needs of its drug, as well as the quality and quality control of the API.

Obtaining of a certificate of suitability to the European Pharmacopeia (CEP)

The European Directorate for the Quality of Medicines & HealthCare ("EDQM"), an executive division of the Council of Europe, manages and updates the European Pharmacopeia, which is a collection of common standards defining, on the one hand, general quality requirements and, on the other hand, specific quality requirements for APIs, known as monographs. Monographs have been developed for a number of well-established ingredients, including organic or inorganic APIs and excipients obtained by a manufacturing process or by extraction. The manufacturer of an API that forms the subject of a monograph in the European Pharmacopeia can apply for a CEP, which is granted, where appropriate, after the review of a detailed application file and samples by the EDQM. The CEP (certificates of suitability to the European Pharmacopeia) guarantees the application of the relevant monographs and makes it possible to verify that the quality of the ingredient is suitable for use in drugs. In particular, it ensures that all impurities and potential contaminations associated with the manufacturing process, implemented in accordance with the relevant monograph, are fully controlled by the latter.

Provision of complete chemical documentation

The third option is for the manufacturer of the API to provide the marketing authorization applicant with the complete chemical documentation, which the marketing authorization applicant then incorporates directly into its marketing authorization file. In this case, information considered confidential by the manufacturer of the API, such as information relating to intellectual property or know-how, is made available to the holder of the marketing authorization. This situation applies in particular to the APIs manufactured by the Company as CDMO for the manufacturer of the drug who intends to fully manage the file on the APIs manufactured for it by the Company.

Good manufacturing and distribution practices

With regard to the GMP and GDP applicable in the European Union, these are defined by the European Medicines Agency ("EMA") under the terms of the relevant European directives, then adopted or transposed into the national law of the Member States and implemented by the national competent authorities, such as the ANSM in France.

The European GMP is derived from the 2000 ICH Q7 guide. The objective of the GMP is to ensure an appropriate quality management system and to ensure that APIs meet the quality and purity requirements necessary for their use in the manufacture of medicines or vaccines. They cover all operations of reception of materials, production, packaging, repackaging, labeling, re-labeling, quality control, release, storage and distribution of APIs, as well as the associated controls.

Manufacturers of medicinal products for human or veterinary use, and therefore their suppliers of APIs, such as the Group, have the obligation to use only APIs that comply with the GMP, and in the case of medicinal products for human use, also with the GDP. In order to certify their compliance with the GMP, sites may be issued by the competent national authorities with a certificate of compliance. All processes for the manufacturing of APIs at the Group's six sites are certified as GMP compliant.

Furthermore, sites engaged in the manufacture, import and distribution of APIs, such as the Group, are subject to specific obligations regulating their creation and their activities, including an authorization issued by the national competent authorities. Thus, in France, these activities carried out by the Company have required prior authorization issued by the Director of the ANSM. The ANSM has the power of inspection and injunction over these sites and may suspend or prohibit all or part of their activities in the event of non-compliance with applicable regulations.

In addition to regulatory inspections by health authorities, sites involved in the manufacture or distribution of APIs may be subject to contractual audits organized by customers (manufacturers of drugs containing the APIs), taking into account the obligations imposed on drug manufacturers as described above. This is the case for the Group's sites, which are regularly audited by its customers.

United Kingdom

The regulations described above in relation to the European Union are also applicable in Northern Ireland. However, following the United Kingdom's exit from the European Union on January 1, 2021, the rest of the United Kingdom (England, Wales and Scotland) is subject to different regulations from those applicable within the European Union. However, the general GMPs such as ICH Q7 are also applicable in the United Kingdom. In addition, MHRA has decided to continue to recognize EU/EEA batch testing and EU/EEA QP certification since it is acknowledged that the regulatory standards are equivalent to those in the United Kingdom.

United States

In the United States, a manufacturer of a product deemed to be a "human drug product", including an API, may file a Drug Master File ("DMF") – also known as a "Type II DMF" – with the FDA when this covers only the API. This file contains confidential and detailed information about the facilities, processes or components used in the manufacture, control, processing, packaging and storage of APIs. The filing of a DMF is not mandatory and does not need to be formally approved by the FDA. It will be assessed only when a market authorization application file makes reference to it. As with European packages, this approach is preferred by the Group because it makes it possible to control the confidentiality of production operations with respect to the customer.

In line with the European practice, another approach is for the manufacturer of the API to provide the marketing authorization applicant with the chemical documentation that the latter will incorporate directly into its pharmaceutical file, for example the Investigational New Drug Application (IND), New Drug Application (NDA) or Abbreviated New Drug Application (ANDA) for generic drugs.

The FDA conducts inspections outside the United States on sites that manufacture pharmaceutical products or APIs for export to the United States. For example, the Group's production sites in the European Union and the United Kingdom are subject to regular inspections by representatives of the FDA. In the event of any finding of potential non-compliance with the requirements applicable to APIs used in the United States, the FDA's inspectors are likely to notify the site's violation risks by issuing a "Form 483" notice requiring the site's management to remedy the situation.

In the United States, the import of APIs is controlled and can be rejected by Customs and Border Protection, generally after consultation with the competent health authorities, such as the FDA.

Japan

In Japan, the PMDA invites manufacturers of APIs to submit a file called a Japanese Drug Master File ("JMF"). This is not a mandatory procedure, and the JMF is presented by the PMDA as neither a marketing authorization nor a patent. However, like the ASMF in the European Union and the DMF in the United States, the JMF consists of a "closed" and an "open" part and is intended to protect the know-how of the manufacturer of the API when information relating to that ingredient is used for the purposes of a drug marketing authorization application. The filing of a JMF by a foreign manufacturer of an API requires the designation of a responsible person, known as an "in-country caretaker", living in Japan, who is responsible for relations with the PMDA. Within the Group, this role is provided by EUROAPI Japan, a subsidiary of the Company. Given the PMDA's level of requirement with regard to the form and detail of JMF applications, the procedure can be lengthy and complex.

Other countries

Many other countries to which APIs manufactured by the Group are exported, such as China, Russia, Brazil and India, require the creation of files for products used in the composition of drugs. Their national authorities are likely to carry out inspections of sites producing APIs imported into their territory. For example, the Group's production sites in the European Union and the United Kingdom receive regular visits from representatives of the health authorities of many countries to monitor how the APIs are produced.

However, some specific aspects of these countries' GMP are quite similar to the GMP defined in ICH Q7, allowing some streamlining of the Group's procedures.

Specific aspects related to animal health products

APIs for veterinary use are managed in a similar manner to APIs for human use. They may give rise to specific inspections by certain authorities.

Specific aspects related to opiates controlled substances

The production, manufacture, transportation, import, export, possession, supply, sale, acquisition and use of certain APIs or drugs classified as narcotics or poisonous substances are subject to stricter regulations than other health products. These specific regulations apply in particular to the opiates controlled substances manufactured by the Group. In France, the production and distribution of these products are therefore subject to authorization and require specific traceability and enhanced security conditions. In addition, the marketing of these products is subject to more or less severe restrictions depending on the country. In France, supplies of narcotics for drug manufacturers can be obtained only from Francopia, a Group company, unless an exception is made by ANSM. Mainly through Francopia, the Group markets opiates mainly in France, Japan and Canada, and excluding the United States.

Due to the serious risks of dependence that may be caused by the excessive or illegal use of opiates, which are classified as narcotics, complaints have been filed against certain manufacturers or distributors, particularly in the United States (see Section 3.5.1 “Risks related to product liability” of the Universal Registration Document).

Problems related to mutagenic impurities and nitrosamines

Since July 2017, the guide “ICH guideline M7 on assessment and control of DNA reactive (mutagenic) impurities in pharmaceuticals to limit potential carcinogenic risk” is applicable to products marketed by the Group and requires the assessment of impurities in APIs in the event of any major changes to processes or to territorial scope. In this context, this guide requires manufacturers of APIs to assess impurities in relation to the mutagenic risk inherent in each molecule. Depending on the classification of each molecule, scientific assessments, expert analyses or process developments must be implemented to evaluate the risk and ensure that the presence of mutagenic impurities remains below the acceptable daily limit. Although these requirements are not presently applicable retrospectively to products already on the market, the required expert analyses are deployed progressively.

In 2018, the presence of nitrosamines was detected in a number of APIs and drugs used for the treatment of hypertension, triggering a crisis management situation in the pharmaceutical industry. Nitrosamines are classified as probable carcinogens for humans and are tolerated only at very low levels to avoid initiating a risk of cancer. The authorities identified several factors that could be responsible for the presence of nitrosamines, including the chemical process used to produce the API, cross-contamination and raw materials. Following this crisis, several national and supranational authorities, such as the EMA, the FDA and the European authorities responsible for medicinal products, asked all holders of a marketing authorization for chemical medicinal products to carry out, as a precautionary measure, an assessment of the risks linked to the presence of nitrosamines and to formulate a strategy for controlling those risks. The Group conducted a review of the entire portfolio of APIs transferred to the Group between 2018 and 2021. This review made it possible to show the absence of any risk for nearly all of the APIs produced by the Group (in particular, the absence of N-nitrosodimethylamine and N-nitrosodiethylamine impurities for sartans, such as irbesartan and olmesartan medoxomil) or, for a few, to implement action plans to remedy the presence of nitrosamines (systematic expert analysis, optimization of processes under development, submission of corresponding regulatory files to the competent authorities), in particular for rifampicin and rifapentine, for which a process optimization plan is currently being developed by the Group, with the aim of implementing an industrial process in 2024-2025. It is likely that other regulatory texts will be published in the coming years.

3.4.2 Fraud and abuse

The Group is subject to various regulations on fraud and abuse. These regulations concern fraudulent acts, such as misappropriation of assets or corruption, non-compliant behavior in interactions with third parties, including government officials, customers and suppliers, and inappropriate marketing or promotion practices and conflicts of interest.

The Group is thus subject to anti-corruption regulations, such as the Sapin II Law in France, the Bribery Act of 2010 in the United Kingdom or the Foreign Corrupt Practices Act ("FCPA") in the United States.

The Group is also subject to regulations specifically aimed at the health sector that regulate relations between healthcare companies and health professionals, particularly in relation to the management of conflicts of interest, the transparency of certain benefits granted, and the prohibition of benefits or gifts. In France, for example, as a manufacturer of APIs for human use, the Group is subject to the provisions of the French Public Health Code *(Code de la santé publique)* concerning benefits granted by healthcare companies (in particular, Articles L. 1453-1 to L. 1453-14 of the French Public Health Code *(Code de la santé publique)*) prohibiting the provision of benefits to health professionals and making any exceptions subject to authorization or declaration rules, as well as an obligation to make public the existence of any agreements or benefits granted to a wide range of health professionals.

3.4.3 Environmental regulations

A number of the Group's activities involve the handling, manufacture, use or sale of substances that are or could be classified as toxic or dangerous substances within the meaning of regulations concerning the protection of the environment, health and safety, as is the case for other companies engaged in similar activities. Consequently, the Group's production activities in particular are subject to various environmental regulations defined and implemented at the European, national or local level, such as the European Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the Classification, Labeling and Packaging (CLP)/Globally Harmonized System (GHS), in addition to SEVESO regulations, IPPC/IED regulations, the Waste Framework Directive, the Emissions Trading Scheme Directive, the Water Framework Directive, the Energy Directive and national taxes on the use of fossil fuels, and various other provisions to combat global warming. Thus, the Group's production sites are subject to various obligations under environmental regulations, such as the regulations relating to classified facilities for the protection of the environment *(Installation Classée pour la Protection de l'Environnement* (ICPEs)) in France concerning the handling, use, manufacture, reuse and destruction of substances and pollutants, the rehabilitation of old industrial sites or the regulations relating to waste.

These regulations impose, among other things, the requirement to obtain a permit to carry out certain activities, or to notify such activities to the competent authorities, and to comply with binding and evolving rules relating to the protection of the environment and to health and safety for the conduct of such activities. The authorities responsible for the environment, health or safety have the power to inspect sites and to impose administrative and/or criminal penalties in the event of non-compliance. For example, non-compliant aqueous waste from an industrial site may be subject to a formal notice (as may have been the case at the Saint-Aubin-lès-Elbeuf site) prior to the adoption, where appropriate, of administrative sanctions and criminal proceedings.

These regulations may also provide strengthened provisions, particularly with regard to safety, for facilities with a SEVESO rating due to the risks posed to human health and/or the environment by the substances and mixtures used and manufactured in these facilities. There are two categories of SEVESO facilities according to the total quantity of hazardous materials on site: "upper-tier" and "lower-tier". The Group operates four sites with "upper-tier" SEVESO facilities in Vertolaye, Frankfurt, Budapest and Brindisi and one site "lower-tier" SEVESO in Saint-Aubin-lès-Elbeuf. In France, "upper-tier" SEVESO facilities, such as the one operating in Vertolaye, must therefore have technological risk prevention plans ("TRPPs") to organize the cohabitation of the industrial sites at risk and the neighboring areas. The measures prescribed by the TRPP, namely, land measures (expropriations, land clearance rights), additional measures to reduce risk at source at industrial sites (process modification, unit relocation, etc.), work to reinforce existing neighboring housing in case of technological accidents, or restrictions on future planning, are covered by tripartite financing between the State, local authorities and the operators of the facilities causing the risk.

In addition, under the environmental regulations generally applicable in Europe and particularly in France, Germany and Italy, the operator or former operator of activities that have caused contamination of the operated land or surrounding land may retain responsibility for the existence of such contamination and its potential health or environmental consequences. This responsibility, which may last for decades (for example, 30 years from the declaration of cessation of operations of classified facilities in France), may require the operator or former operator,

whether or not it is the owner of the operated land, to undertake, at its own expense, environmental investigations, monitoring measures and/or remediation measures. Moreover, the principle that the waste producer is responsible for the waste until it is finally disposed of may result in liability on the part of the waste producer due to the impact of such waste on land belonging to third parties, including waste generated in the past by activities that are no longer being carried out.

Finally, under the European regulations on chemical substances, in particular the REACH regulation, each substance manufactured and/or imported by each Group entity in quantities of more than one ton per year must be registered. This can generate significant costs, particularly in relation to the sharing of the necessary data. The assessment carried out by the European Chemicals Agency (ECHA) on the information submitted in the context of registrations may result in the identification of substances of very high concern, thus leading to the adoption of restrictions on use (Annex XVII of the REACH Regulation), or even to prohibitions on the placing on the market and/or use of these substances (Annex XIV of the REACH Regulation). Such restrictions and/or prohibitions could significantly impact the Group's activities and must be carefully monitored and anticipated as early as possible to identify appropriate alternative substances.

3.4.4 Regulations on foreign investments in France

Certain foreign investments in French companies are subject to prior authorization from the Minister of the Economy when all or a portion of the target's business activity is related to a strategic sector, such as energy, transport, public health, telecommunications, etc. As of the date of the Universal Registration Document, the Group operated certain activities covered by the regulation on foreign investments in France, particularly for public health. Due to the operation of activities, the Company and the Group fall within the scope of the laws and regulations governing foreign investments in France set forth by Articles L. 151-3 and R. 151-2 *et seq.* of the French Monetary and Financial Code.

Under these provisions, the acquisition by a non-French citizen, a French citizen who does not reside in France, a non-French entity or a French entity controlled by such persons or entities of control, within the meaning of Article L. 233-3 of the French Commercial Code, or of all or a portion of a branch of activity of the Company or one of its French subsidiaries conducted activities enumerated by the aforementioned provisions, is subject to the prior authorization of the Minister of the Economy. Moreover, the acquisition by an investor that is not a citizen of a member State of the European Union, or of a State that is a party to the agreement on the European Economic Area (EEA), that results, directly or indirectly, in exceeding, alone or in concert, the threshold of 25% of the voting rights of the Company or of one of its French subsidiaries conducting these activities, is subject to this same procedure. Within the context of the COVID-19 pandemic, a decree lowered this threshold to 10% of the voting rights for French companies whose shares are listed for trading on a regulated market. This provision has been extended until December 31, 2022, by Decree 2021-1758 of December 22, 2021.

In the context of the prior authorization procedure, the Minister of the Economy is charged with verifying that the conditions of the planned transaction preserves the national interests. In this respect the Minister may attach one or more conditions to the authorization of such a transaction in order to ensure the continuity of the concerned activities, industrial capacities, research and development capacities or related expertise, or even, on the basis of a motivated decision, refuse such an authorization, particularly if national interests cannot be protected.

Any transaction executed in violation of these provisions is null and void. It is also subject to financial sanctions, the maximum amount of which is twice the amount of the illegal investment, and to the criminal sanctions set forth in Article 459 of the French Customs Code *(Code des douanes).*

3.5 LEGAL AND ARBITRATION PROCEEDINGS

As of the date of the Universal Registration Document, the Company is not aware of any governmental, judicial or arbitration proceeding, either pending or threatened, that could have, or has had during the past 12 months, any material impacts on the financial position or profitability of the Group.

3.6 MATERIAL CONTRACTS

The material contracts signed by the companies of the Group outside the normal course of business in the past two years are presented in Section 4.3 Financial Resources and liabilities (paragraph relating to the “RCF Loan Agreement”) and in Section 3.1 Organizational structure of the Universal Registration Document.

3.7 STATUTORY AUDITORS' REPORT ON RELATED-PARTY AGREEMENTS

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year ended 31 December 2023, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the Annual General Meeting

Agreements authorized during the year ended 31 December 2023

In accordance with Article L. 225-40 of the French Commercial Code (Code de commerce), we have been notified of the following related party agreements which received prior authorization from your Board of Directors.

With Mrs. Cécile Dussart, Director of your Company

Nature and purpose

On October 25, 2023, your Board of Directors authorized on 25 October 2023 the conclusion of an agreement with Mrs. Cécile Dussart to assist the new Chief Operating Officer in his training on your Company's operations, procedures and corporate culture. In this role, Mrs. Cécile Dussart will not participate or be involved in any decision relating to the proper running of your Company.

Conditions

The agreement has a duration of six months. It was signed on 25 October 2023 and entered into force on 1 November 2023.

Mrs. Cécile Dussart (i) will be compensated at the rate of €5,000 (excluding taxes) per month in consideration of the services rendered pursuant to the Assignment and (ii) be reimbursed of all reasonable and necessary travel expenses in connection with the mission, in accordance with your Company's expense and travel reimbursement policy.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: facilitate the induction and integration process for the Company's new Chief Operation Officer.

Agreements authorized after closing

We have been notified of the following related party agreements which received prior authorization from your Board of Directors after closing.

With Euroapi France, a subsidiary of your Company, and Sanofi Winthrop Industries, a subsidiary of Sanofi Aventis Participations

Persons concerned:

- Sanofi Aventis Participations, shareholder holding more than 10% of your Company's voting rights
- Mrs. Adeline le Franc until March 18, 2024 and Mr. Olivier Klaric from March 18, 2024, representative of Sanofi Aventis Participations on your company's Board of Directors

1) **Memorandum of Understanding ("MOU") relating to the Global Manufacturing and Supply Agreement ("GMSA"), Reverse Manufacturing and Supply Agreement B12 ("RMSA B12") and Reverse Manufacturing and Supply Agreement A ("RMSA A")**

Nature and purpose

On February 28, 2024, your Board of Directors authorized the conclusion of a Memorandum of Understanding (MoU) between Euroapi France and Sanofi Winthrop Industries (hereinafter "Sanofi") incorporating the following provisions:

- With respect to the GMSA: (i) compensation mechanism for substantial market demand decrease of volumes of one API, (ii) purchase by Sanofi of the remaining active ingredients and stock of intermediates of a specific active ingredient, (iii) payment by Sanofi of a lump sum during the term of the GMSA for a capacity extension project, and (iv) payment by Sanofi of incentive amounts for the qualification of investments dedicated to the manufacture of an active pharmaceutical ingredient ("API") for Sanofi and for the manufacturing and technology transfer of certain active ingredients manufactured by Sanofi to Euroapi sites.
- With respect to RMSA B12: payment by Sanofi of an incentive amount for a transfer of production of vitamin B12 derivative salts from a Sanofi site to a Euroapi site.
- With respect to RMSA A: payment by Sanofi of an incentive amount for the completion before the end of 2024 of a dismantling phase of Euroapi's workshop to receive the intermediate of the API of a commercial partner, in preparation for the shutdown of Sanofi's production workshop in 2025.

Conditions

The agreement was signed on February 28, 2024. It entered into force on the date of signature until 31 December 2025.

Payments receivable from Sanofi under the above provisions amount to €41 million (€38 million in 2024 and €3 million in 2025).

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: avoidance of additional costs during the transfer of active ingredients, compensation for lower volumes.

Agreements with no prior authorization

In accordance with Article L. 225-42 of the French Commercial Code (Code de commerce), we hereby inform you that the following agreements did not receive prior authorization from your Board of Directors.

Our role is to inform you of the reasons why the authorization procedure was not followed.

With Euroapi France, a subsidiary of your Company, and Sanofi Winthrop Industries, a subsidiary of Sanofi Aventis Participations

Persons concerned:

- Sanofi Aventis Participations, shareholder holding more than 10% of your Company's voting rights
- Mrs. Adeline le Franc until March 18, 2024 and Mr. Olivier Klaric from March 18, 2024, representative of Sanofi Aventis Participations on your company's Board of Directors

1) **Letter agreement no. 1 relating to the Global Manufacturing & Supply Agreement ("GMSA") and the Reverse Manufacturing and Supply Agreement A ("RMSA A")**

Nature and purpose

On April 21, 2023, Euroapi France and Sanofi Winthrop Industries (hereinafter "Sanofi") signed an amendment letter (No. 1) to GMSA and RMSA A, the provisions of which are as follows:

- With respect to GMSA: definition of customer service levels to be achieved on two APIs with minimum volumes and incentive amounts to be paid by Sanofi in the event of achievement of these targets, for the 2023 financial year
- With respect to RMSA A: payment by Sanofi of an incentive amount for the transfer of production of an API supplied to a commercial partner, from a Sanofi site to a Euroapi site, and the extension of the supply contract between Euroapi France and the commercial partner until 2029. This commitment was included in the letter agreement no. 2 to the GMSA and RMSA A of 13 December 2023.

Conditions

The agreement entered into force on 21 April until 31 December 2023.

The conditions of service have been met and Euroapi France has recognized revenue of €12 million in the 2023 financial year under the GMSA and €2 million under the RMSA A taking into account the changes made by the letter amendment n°2 to the GMSA and RMSA A of December 13, 2023.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: increase in revenue linked to the improvement of the execution performance and to the improvement of the securisation of an API production.

2) Letter agreement no. 2 relating to the Global Manufacturing & Supply Agreement ("GMSA") and the Reverse Manufacturing and Supply Agreement A ("RMSA A")

Nature and purpose

On December 13, 2023, Euroapi France and Sanofi Winthrop Industries (hereinafter "Sanofi") signed an amendment letter (No. 2) to the GMSA and RMSA A, which (i) modifies the conditions, compared to the letter agreement no. 1 dated 21 April 2023, for obtaining the payment by Sanofi of an incentive amount for the transfer to a Euroapi site of a specific active ingredient ("API") initially manufactured by Sanofi, and (ii) provides for the reimbursement of an investment to secure this transferred production.

Conditions

The agreement entered into force on 13 December 2023.

Euroapi France recognized revenue of €2 million at December 31, 2023 as part of the incentive amount for the transfer to a Euroapi site of a specific active ingredient initially manufactured by Sanofi. The repayment of an investment in 2024 will be up to €2.5 million.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: avoidance of additional costs, additional revenue for services rendered, and improvement of the securisation of an API production.

3) Amendment no. 2 to the Global Manufacturing & Supply Agreement ("GMSA")

Nature and purpose

On February 28, 2024, Euroapi France and Sanofi Winthrop Industries (hereinafter "Sanofi") signed an amendment (No. 2) to the GMSA, taking up and supplementing the provisions of the amendment letter of December 13, 2023: (i) shortened payment terms, (ii) cancellation of the performance clause for the period from 2023 to the end of 2026 (cancellation of retrocessions of part of the manufacturing cost savings on APIs manufactured and sold by Euroapi to Sanofi), (iii) price increase for 6 APIs, (iv) positive adjustments to prices and minimum guaranteed volumes for one active ingredient, (v) modification of the raw material pass-through mechanism, (vi) the narrowing of the price-volume corridor, (vii) revision of the customer service level, and (viii) update of the list of products with exclusive supply by territories.

Conditions

The agreement entered into force on 1 January 2024 until the end of the GMSA in 2027, with the exception of the cancellation of the performance clause which applies from the 2023 financial year.

This agreement resulted in savings of €4 million in the 2023 consolidated financial statements.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: improved cash flow, avoidance of unforeseen costs and positive impact on revenue.

With Francopia, a subsidiary of your Company, and Sanofi Chimie which became Sanofi Winthrop Industries on January 1, 2024, a subsidiary of Sanofi Aventis Participations

Persons concerned:

- Sanofi Aventis Participations, shareholder holding more than 10% of your Company's voting rights
- Mrs. Adeline le Franc until March 18, 2024 and Mr. Olivier Klaric from March 18, 2024, representative of Sanofi Aventis Participations on your company's Board of Directors

1) **Letter agreement no. 1 to the Francopia Reverse Manufacturing and Supply Agreement ("RMSA Francopia")**

Nature and purpose

On December 13, 2023, Francopia, a subsidiary of your company, and Sanofi Chimie, which became Sanofi Winthrop Industries on January 1, 2024 (hereinafter "Sanofi"), signed an amendment letter (No. 1) to the RMSA Francopia, the provisions of which are as follows: (i) cancellation of the performance clause, (ii) cancellation of the of the target for the pellet titration, and (iii) cancellation of the minimum annual quantity of active ingredients.

Conditions

The agreement entered into force on 13 December 2023.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: less pressure in terms of deadlines for improving pellet quality and avoidance of penalties linked to a small increase in volume not aligned with the previous objective. The cancellation of the performance clause under this agreement is consistent with the cancellation of the performance clause in the above-mentioned Amendment No. 2 to the GMSA between Euroapi France and Sanofi Winthrop Industries, with the overall balance being financially positive.

2) **Letter agreement no. 2 to the Francopia Reverse Manufacturing and Supply Agreement ("RMSA Francopia")**

Nature and purpose

On December 13, 2023, Francopia, a subsidiary of your company, and Sanofi Chimie, which became Sanofi Winthrop Industries on January 1, 2024 (hereinafter "Sanofi"), signed an amendment letter (No. 2) to the RMSA Francopia, concerning Sanofi's waiver of a specific claim relating to raw materials supplied by Francopia which would have resulted in additional manufacturing costs.

Conditions

The agreement entered into force on 13 December 2023.

The amount of the specific claim is €1.4 million in 2023.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: avoidance of additional costs and penalties.

Due to an omission by your Board of Directors, the above agreements have not been subject to prior authorization as provided for in Article L. 225-38 of the French Commercial Code (Code de commerce).

We hereby specify that your Board of Directors, at its meeting held on February 28, 2024 and March 21, 2024, decided to subsequently authorize this agreement.

Agreements previously approved by the Annual General Meeting

In accordance with Article R. 225-30 of the French Commercial Code (Code de commerce), we have been notified that the implementation of the following agreements, which were approved by the Annual General Meeting in prior years, continued during the year ended 31 December 2023.

With Karl Rotthier, Chief Executive Officer

1) **Undertaking made relating to the payment of a non-compete indemnity**

Nature and purpose

On 4 May 2022, your Board of Directors authorized the conclusion of a non-compete agreement with the Chief Executive Officer.

Conditions

Payment of a gross monthly fixed indemnity equal to 75% of his annual fixed remuneration received over the past twelve months preceding the end of his term of office (fixed remuneration and annual target bonus) in return for a non-competition commitment for a period of twelve months in the event of resignation, or six months in the event of dismissal, renewable once, from his effective departure from your company for any reason. The Board of Directors reserve the right to waive the execution of this non-compete agreement at his effective departure from your Company.

Mr. Karl Rotthier stepped down as Chief Executive Officer of your Company on October 30, 2023. Upon recommendation of the Nominations and Compensation Committee, and in view of the utmost sensitivity of the financial, technical and commercial knowledge and information to which the Chief Executive Officer has access, acknowledged the benefits of applying the non-compete provision approved as a related-party agreement by the Board of Directors on May 4, 2022, for a 6-month period. In return for this non-compete obligation, a lump-sum gross monthly compensation equal to 75% of his average fixed and variable monthly remuneration received over the last 12 months prior to the end of his term of office, i.e. €257,729.44, will be paid as soon as he steps down, which reflects the importance for the Company of immediately enforcing this non-compete clause.

2) Undertaking made relating to the payment of a termination benefit

Nature and purpose

On 4 May 2022, your Board of Directors authorized the payment of an indemnity in the event of dismissal of the Chief Executive Officer's corporate mandate or forced departure (except in the event of gross negligence or serious misconduct).

Conditions

Payment of an indemnity in the event of dismissal of the Chief Executive Officer's corporate mandate (except in cases of gross negligence or serious misconduct) whose gross amount would be equivalent to twelve months' remuneration calculated on the basis of the average of the previous twelve months' remuneration (including the fixed salary and the actual amount of the last known bonus). In the event of the forced departure of the Chief Executive Officer following the 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 severance payment is subject to performance conditions applicable during the term of office. These performance criteria include the amount of turnover, Core EBITDA margin and Core Free Cash Flow Conversion, which will be subject to six criteria, over a two-year observation period (three criteria per year based on the group's financial targets), except for the year 2023 which will only take into account the year 2022 for the observation period.

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 right to retirement within 12 months from termination of office. In any case, no indemnity may be paid beyond 65 years of age.

Mr. Karl Rotthier stepped down as Chief Executive Officer of your Company on October 30, 2023. Upon recommendation of the Nominations and Compensation Committee, the Board of Directors decided that, in the absence of misconduct or serious negligence, the compensation payable to the Chief Executive Officer in the event of removal from office is equivalent to 12 months' gross remuneration, calculated on the basis of the average of the last 12 months' remuneration, representing a total of 687,278.49 euros. The Board noted that this termination does not constitute a forced departure of the Chief Executive Officer following the 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. Therefore, the severance payment is not subject to performance conditions.

Paris and Paris-La Défense, March 15, 2023
The Statutory Auditors
French original *signed by*

BDO Paris	**ERNST & YOUNG Audit**
Eric Picarle	Pierre Chassagne

Euroapi - Haverhill (United Kingdom)

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FINANCIAL INFORMATION AND FINANCIAL STATEMENTS AFR

4.1 HIGHLIGHTS OF THE 2023 FINANCIAL YEAR

4.1.1 Main events

- On January 31, 2023, EUROAPI announced that it progressively restarted prostaglandin production at its Budapest site on January 19. The prostaglandin production was fully back online by Mid-April 2023.
- On June 6, 2023, EUROAPI announced a capex investment to debottleneck its prostaglandin capacity in Budapest.
- On June 13, 2023, EUROAPI announced several initiatives to support the supply of essential medicines to France and Europe by increasing its production capacities for several active pharmaceutical ingredients listed as essential medicines by the French authorities.
- On August 29, 2023, EUROAPI announced the acquisition of BianoGMP, a Contract Development and Manufacturing Organization ("CDMO"), with recognized expertise in oligonucleotides. The total investment for the transaction is approximately €10 million, including the acquisition price and Capex aimed to increase Biano's capacity to address larger scale and more complex projects. On November 21, 2023, EUROAPI announced the completion of the acquisition.
- On October 9, 2023, EUROAPI revised downwards its Full-Year 2023 outlook, suspended its 2023-2026 mid-term perspectives and launched a strategic review which outcome was released on February 28, 2024.
- On October 25, 2023, the Board of Directors decided the step down of Karl Rotthier as Chief Executive Officer and appointed Viviane Monges, EUROAPI's current Chair of the Board, as temporary Chief Executive Officer.

4.1.2 Other events

Capital increase

By decision of June 5, 2023, the Board of Directors carried out a capital increase resulting from the definitive allocation of free shares to its employees for a total amount of €504,196. At the end of December 31, 2023, the total number of outstanding shares was 95,053,684 and voting rights totaled 94,838,094.

Liquidity contract

As announced on October 24, 2023, EUROAPI has increased the resources allocated to the liquidity contract entrusted to Kepler Cheuvreux by 2 million euros.

4.2 ANALYSIS OF THE GROUP'S RESULTS

EUROAPI 2023 Net Sales reached €1,013.2 million, +3.8% versus 2022 and +3.1% at Constant Exchange Rates.

Net sales by flow and type

(in € millions)	December 31, 2023	December 31, 2022	Change
API Solutions - Other clients	360.3	336.5	7.1%
API Solutions - Sanofi	367.2	372.6	(1.5%)
API Solutions	**727.5**	**709.1**	**2.6%**
CDMO - Other clients	180.5	168.4	7.2%
CDMO - Sanofi	105.3	99.0	6.3%
CDMO	**285.8**	**267.5**	**6.8%**
Total net sales	**1,013.2**	**976.6**	**3.8%**
Total net sales - Other clients	**540.7**	**504.9**	**7.1%**
Total net sales - Sanofi	**472.5**	**471.6**	**0.2%**

API Solutions

API Solutions' Net Sales increased 2.6% to €727.5 million.

Sales to Other clients rose 7.1%. The performance was driven by the deployment of the commercial roadmap, with 46 new clients added in 2023 in both small and large molecules, the acceleration of the cross-selling strategy, product mix, and positive price adjustments over the year despite raising pricing pressure in Q4. This was partially offset by year-end destocking programs initiated by certain customers, particularly in Africa, Asia, and Latin America. The negative impact of the suspension of prostaglandin production in Budapest in H1 2023 was more than compensated in H2 2023.

Sales to Sanofi decreased by 1.5%. The negative impact of the progressive discontinuation of Buserelin production after its divestment by Sanofi and the decreasing demand for certain APIs was partially offset by the activation of the Global Manufacturing and Supply Agreement raw material pass-through and energy compensation clauses. In addition to the energy & raw material pass through clauses, €12 million additional payment from Sanofi was agreed upon, on top of the contractual clauses[(1)].

CDMO

CDMO sales grew by +6.8% to €285.8 million.

Sales to Other Clients grew 7.2%, driven notably by increased sales from commercial products. This was partially offset by weaker sales from early-stage projects resulting from Biotech companies funding constraints, the negative impact of the completion of a COVID-19-related commercial project (approximately €(6.8) millions on 2023 sales performance), and a high comparison base vs H2 2022 (sales of commercial batches for a US biotech).

Sales to Sanofi rose 6.3%. Commercial projects progressed, driven notably by the stock replenishment of Pristinamycin, an anti-infective product, in spite of the discontinuation of two late-stage programs at the end of 2022 (approximately €(16) million on 2023 sales performance).

Net sales by product category

(in € millions)	December 31, 2023	December 31, 2022	Change
Large molecules	76.5	98.4	(22.3%)
Highly potent molecules	96.4	82.2	17.2%
Biochemistry molecules derived from fermentation	184.1	148.3	24.2%
Complex chemical synthesis molecules	656.2	647.7	1.3%
Total net sales	**1013.2**	**976.6**	**3.7%**

Large molecules decreased by 22.3% to €76.5 million, notably affected by the discontinuation of a CDMO phase 3 project with Sanofi in 2022 and the progressive discontinuation of Buserelin production after its divestment by Sanofi.

Highly potent molecules were up +17.2% to €96.4 million, mainly driven by the growth of prostaglandins which production resumed in mid-April 2023.

Biochemistry molecules derived from fermentation increased by 24.2% to €184.1 million. The growth was driven by the increase in vitamin B12 sales, and the stock replenishment of anti-infective products by Sanofi (Pristinamycin).

Complex chemical synthesis molecules increased by 1.3% to €656.2 million. The positive impact of price adjustments and the increase in volumes of a CDMO commercial product with Sanofi was partially offset by the discontinuation of a phase 3 project with Sanofi in 2022, and of a COVID-19-related project.

(1) *Based on customer service performance criteria.*

4.2.1 Group income statement analysis

The table below shows the Group's consolidated statement of income for the year ended December 31, 2023 and December 31, 2022.

(in € millions)	December 31, 2023	December 31, 2022
Net sales	1,013.2	976.6
Other revenues	5.7	4.3
Cost of sales	(854.3)	(804.0)
Gross profit	**164.6**	**176.9**
Gross Margin (% of net sales)	**16.2 %**	**18.1 %**
Selling and distribution expenses	(40.9)	(37.7)
Research and development expenses	(29.6)	(21.8)
Administrative and general expenses	(90.0)	(90.5)
Other operating income and expenses	0.4	0.2
Impairment of assets	(226.4)	(21.8)
Restructuring costs and similar items	(12.3)	(6.1)
Other gains and losses, and litigation	—	—
Operating income	**(234.3)**	**(0.8)**
Operating income (% of net sales)	**(23.1)%**	**(0.1)%**
Financial result	**(8.5)**	**4.0**
Income/(loss) before tax	**(242.8)**	**3.1**
Income/(loss) before tax (% of net sales)	**(24.0)%**	**0.3 %**
Income tax expense	53.0	(18.2)
ETR (%)	**(21.8)%**	**(578.4)%**
Net income/(loss)	**(189.7)**	**(15.0)**
Net income/(loss) (% of net sales)	**(18.7)%**	**(1.5)%**

Nb: figures on a consolidated basis.

Gross profit

Gross profit was €164.6 million, compared to €176.9 million in 2022. The gross profit margin was down by 190 bps Year-on-Year to 16.2%. This includes the negative impact of decreasing volumes and of increasing energy prices, mainly driven by the hedging strategy set in 2022 in a context of disrupted energy market. This was partly offset by a favorable price and mix effect as well as a positive impact from raw materials, which prices decreased in 2023, compared to 2022 (no hedging)[(2)].

Operating expenses

Selling and distribution expenses for 2023 amounted to €40.9 million, versus €37.7 million for 2022. Research and development expenses for 2023 came to €29.6 million, versus €21.8 million for 2022. Administrative and general expenses for 2023 amounted to €90.0 million, versus €90.5 million for 2022.

Impairment of assets

The strategic review triggered €(226.4) million impairments on non-current assets on a total of €859.5 million (before impairment), reflecting the deterioration of future Cash Flow compared to the previous plan and the increase of WACC by more than 120 bps versus previous year. This impact has been recognized following the result of the impairment test described in Note 5.5 of the Financial Statements.

In 2023, the €48.6 million non-current assets impairment on Brindisi is triggered by the discontinuation of certain APIs (e.g. Spiramycin) and expected underactivity on other manufacturing lines. At the end of 2023, the amount of Brindisi current assets on the balance sheet is €48.3 million (including €34.2 million net inventories).

In 2022, impairment of assets amounted to €21.8 million and was fully linked to the Brindisi site.

[(2)] *Adjusted compared to Full-Year 2023 results press release.*

Restructuring costs and similar items

Restructuring costs and similar items for 2023 amounted to €12.3 million, primarily reflecting the execution of the value creation plan announced in March 2023.

In 2022, restructuring costs and similar items totaled €6.1 million and primarily concerned the reorganization and transformation plan in Italy as part of the Group's business reorientation.

Operating income

Operating Income was €(234.3) million compared to €(0.8) million in 2022. Depreciation and amortization amounted €76.5 million in 2023, compared to €72.7 million in 2022.

Financial income

Net financial income was €(8.5) million in 2023, compared to €4.0 million in 2022. negatively impacted by the increasing cost of debt and the lower positive impact of the discounting effects of provisions in 2023. As a reminder, the effect of discounting of provision was positive €8.1 million in 2022.

Income tax

Income tax amounted to €53.0 million for the year ended December 31, 2023, compared to an expense of €(18.2) million for the year ended December 31, 2022. It includes €42.0 million deferred taxes from the revaluation of the tax value of EUROAPI Hungary assets. The revaluation was triggered by the tax treatment applied by Sanofi in 2023 to the transfer of the Hungarian business to EUROAPI as part of the carve-out in 2021 and the subsequent exit of EUROAPI from Sanofi.

Net income

Consolidated net income amounted to €(189.7) million for the year ended December 31, 2023, compared to €(15.0) million in 2022.

Key performance indicators

(in € millions)	December 31, 2023	December 31, 2022
Net sales	**1,013.2**	**976.6**
Gross profit	**164.6**	**176.9**
as a % of net sales	*16.2%*	*18.1%*
EBITDA	**68.6**	**93.7**
as a % of net sales	*6.8%*	*9.6%*
Core EBITDA	**93.1**	**120.0**
as a % of net sales	*9.2%*	*12.3%*
Net income	**(189.7)**	**(15.0)**
Basic EPS (in euros)	**(2.0)**	**(0.2)**
Core Free Cash Flow	**(82.0)**	**(54.2)**
Free Cash Flow before financing	**(132.2)**	**(122.6)**
Net Debt position	**(171.0)**	**(25.6)**
Net Debt to Core EBITDA ratio (IFRS 16 restated)	**1.98x**	**0.21x**

EBITDA and Core EBITDA[(3)]

EBITDA for the fiscal year 2023 was €68.6 million compared to €93.7 million in 2022, including €24.5 million non-recurring, of which:

- €12.3 million costs related to the execution of the value creation plan announced in March 2023.
- €11.5 million linked to employee share plan, free share plans, forfeited share expenses and employee contribution in connection with the loss of control of the Sanofi group and the initial listing of EUROAPI shares on Euronext.

(3) *Please refer to Section 4.2.6.Alternative performance measures.*

Core EBITDA amounted to €93.1 million, down 22.4% compared to €120.0 million in 2022. Core EBITDA margin was 9.2% compared to 12.3% in 2022 negatively impacted by[4]:

- a less favorable fixed cost absorption as sales volumes were lower than initially anticipated (-80 bps);
- the increase in energy costs, mainly driven by the hedging strategy set in 2022. 2023 volumes were secured in 2022 via hedging contracts (90% of 2023 volumes hedged in 2022) in a context of disrupted energy market (-460 bps);
- the increase in Opex, of which €3.5 million negative one off impact related to the Executive Committee's reorganization (-170 bps).

These negative elements were partly offset by the positive impact from raw materials, which prices decreased in 2023 compared to 2022 (+90 bps), operating performance (+170 bps), and a favorable mix + price effect (+60 bps);.

The extra-profit tax in Hungary (€3.4 million, or cc. 35 bps) was partially offset by the €2.5 million provision reversal from the pharma tax accrued in 2022[5] (+0.3 pts on Core EBITDA).

4.2.2 Group cash flow analysis

(in € millions)	December 31, 2023	December 31, 2022
Net cash provided by/(used in) operating activities	**5.1**	**44.8**
Net cash provided by/(used in) investing activities	**(137.3)**	**(167.4)**
Net cash provided by/(used in) financing activities	**92.2**	**187.8**
Impact of exchange rates on cash and cash equivalents	—	(1.0)
Net change in cash and cash equivalents	**(40.0)**	**64.2**
Cash and cash equivalents, at beginning of period	**74.5**	**10.3**
Cash and cash equivalents, at end of period	**34.5**	**74.5**

Cash and cash equivalents totaled €34.5 million at December 31, 2023. For more details, please refer to the consolidated financial statements.

Net cash provided by (used in) operating activities

The following table shows net cash provided by operating activities for the periods ended December 31, 2023 and December 31, 2022:

(in € millions)	December 31, 2023	December 31, 2022
Net income	**(189.7)**	**(15.0)**
Depreciation, amortization and impairment of property, plant and equipment, right-of-use assets and intangible assets	302.9	94.5
income tax expense	(53.0)	18.5
Other profit or loss items with no cash effect and reclassification of interests	13.7	13.4
Operating cash flow before changes in working capital	**73.9**	**111.3**
(Increase)/decrease in inventories	(40.4)	(31.7)
(Increase)/decrease in trade receivables	48.9	(29.6)
Increase/(decrease) in trade payables	(52.9)	21.4
Net change in other current assets and other current liabilities	(24.3)	(26.5)
Net cash provided by/(used in) operating activities	**5.1**	**44.8**

Operating cash flow before changes in working capital decreased by €37.4 million, to €73.9 million in 2023.

[4] *Adjusted compared to Full-Year 2023 results press release.*
[5] *Based on a change to the tax decree in 2023, EUROAPI did not fall within the scope in 2022. Therefore, the provision accrued in 2022 was reversed at the end of June 2023.*

The working capital increase is mainly due to:

- €48.9 million change in trade receivables, driven by the decrease in overdue and enhancement of DSO (days sales outstanding);
- €(40.4) million change in inventories mainly driven by the impact of inflation. Inventory Months On Hand (MOH) was 7.6 in 2023 compared to 7.3 in 2022;
- €(52.9) million decrease of trade payables explained by purchases phasing and better processing of invoices.

Net cash provided by operating activities amounted to €5.1 million for the year ended December 31, 2023.

Net cash provided by (used in) investing activities

The following table shows net cash used in investing activities for the year ended December 31, 2023 and December 31, 2022:

(in € millions)	December 31, 2023	December 31, 2022
Acquisitions of property, plant and equipment and intangible assets	(132.8)	(167.4)
Acquisitions of consolidated undertakings and equity-accounted investments	(4.5)	—
Net change in other non-current assets	—	—
Net cash provided by/(used in) investing activities	**(137.3)**	**(167.4)**

Net cash used in investing activities during the period primarily reflected acquisitions of property, plant and equipment, intangible assets and investments in subsidiaries, which totaled €137.3 million for year ended December 31, 2023 versus €167.4 million for year ended December 31, 2022.

Net cash flow from (used in) financing activities

(in € millions)	December 31, 2023	December 31, 2022
Capital increases	—	88.7
Dividends paid	—	—
Repayment of lease liabilities	(7.3)	(4.6)
Net change in short-term debt	105.0	98.5
Finance costs paid	(6.1)	(2.9)
Acquisition and disposal of treasury shares	(0.6)	(1.3)
Other net cash flow arising from financing activities [(a)]	1.2	9.3
Net cash provided by/(used in) financing activities	**92.2**	**187.8**

(a) For 2022, this amount corresponds to cash flows on the current account with the controlling entity until the effective spin-off date. As of the spin-off date, the current account receivable was reimbursed in full by Sanofi.

Net cash from financing activities amounted to €92.2 million for the year ended December 31, 2023 compared to €187.8 million for the year ended December 31, 2022.

Net Debt Position

(in € millions)	December 31, 2023
Net cash/(Debt) position – December 2022	**(25.6)**
Cash Flow from Operating activities	**5.1**
Of which Operating Cash Flow	73.9
Of which change in Operating Working Capital	(44.5)
Of which change in other current assets and liabilities	(24.3)
Cash Flow from Investing Activities	**(137.3)**
Of which acquisition of property plant and equipment and intangible assets (CAPEX)	(129.0)
Of which intangible assets relating to the carve-out and Group IT setup	(3.8)
Of which acquisition of shares on consolidated entities	(4.5)
Cash Flow from Financing activities	**(14.3)**
Exchange rate	**1.0**
Net Cash/(Debt) position – December 2023	**(171.0)**

The increase in Net Debt position, €(171.0) million compared to a €(25.6) million at the end of December 2022, is driven by the financing of the working capital and part of the Capex. Net Debt to Core EBITDA restated for IFRS 16 was 1.98x, below the RCF covenant threshold of 4.0x.

4.2.3 Balance sheet analysis

(in € millions)	December 31, 2023	December 31, 2022
Assets		
Non-current assets	633.1	712.5
Current assets	979.3	1,023.6
Total assets	**1,612.4**	**1,736.1**
Liabilities		
Total equity	927.7	1,110.2
Non-current liabilities	175.8	169.4
Current liabilities	508.9	456.5
Total equity and liabilities	**1,612.4**	**1,736.1**

Inventories amounted to €644.8 million at December 31, 2023, €594.7 million at December 31, 2022. The increase in inventory levels over the period is explained notably by the impact of inflation.

Accounts receivable and Accounts payable amounted respectively to €216.3 million and €159.6 million at December 31, 2023.

Working capital requirement mainly corresponds to the value of inventories plus accounts receivable and minus accounts payable. The Group's working capital requirement amounted respectively to €701.5 million and €639.3 million for the years ended December 31, 2023, and 2022.

4.2.4 Contractual obligations and off-balance sheet commitments

The Group has contracted off-balance sheet commitments, including operating commitments as well as financing commitments with the RCF Loan Agreement.

At December 31, 2023, the net commitments given and related to the off-balance sheet items of EUROAPI operating activities amounted to €173.7 million. The non-cancelable purchase commitments include firm orders for property, plant and equipment (€69.7 million), as well as purchasing commitments for goods and services contracted under material supply and other services agreements net of the commitments received, which amounted to €104.0 million.

In particular, the Group is required, under the RCF Loan Agreement, to comply with certain commitments described in Section 3.2.4 "Liquidity risks" (see also Section 4.3 "Financial resources and liabilities").

The Group's contractual obligations and off-balance sheet commitments, including the principal commitments resulting from the agreements signed with Sanofi as part of the Prior Reorganization Transactions of the Group, are presented and described in Note 10.2 of the consolidated financial statements.

4.2.5 Investments

(a) Main investments made during the past three financial years

The Group makes recurring investments, primarily in the maintenance and improvement of its production sites, in order to continually ensure compliance with applicable regulatory and environmental standards, in accordance with the Group's ESG objectives. In order to increase its capacities for production and development of APIs, the Group also makes investments in performance and growth, such as improvements to its production tool.

The total amount of the investments made by the Group for the year ended December 31, 2023, was €132.8 million, compared with €167.4 million for the year ended December 31, 2022 (representing 13.1% and 17.1% of consolidated net sales, respectively).

The table below presents the amount of capital expenditures made over the last three financial years:

	Year ended December 31,	
(€ million)	**2023**	**2022**
Acquisitions of property, plant and equipment	(151.7)	(106.4)
Acquisitions of intangible assets	(13.9)	(7.4)
Change in debt for non-current assets	32.9	(53.6)
"CAPEX"	**(132.8)**	**(167.4)**

The Group's capital expenditures ("CAPEX") correspond to the item "Acquisitions of property, plant and equipment and intangible assets" in the consolidated statement of cash flow.

Acquisitions of property, plant and equipment increased in 2023 to support the Group's growth strategy, from €106.4 million for the year 2022 to €151.7 million for financial year 2023. Due to the investments made over 2023, debt for non-current assets increased significantly at December 31, 2023.

The table below shows the breakdown of acquisitions of property, plant and equipment:

	Year ended December 31	
As a percentage	**2023**	**2022**
Maintenance and compliance investments	48%	55%
Performance and growth investments	52%	45%
Total investments	**100%**	**100%**

The percentage of performance and growth investments increased from 45% in 2022 to 52% in 2023, in line with the Group strategy to invest to fuel the future growth of the company.

Maintenance and compliance investments primarily represent investments to maintain or improve the flexibility of the Group's industrial tool, comply with the regulations in force, improve the quality of its products or even to reduce its operating costs:

- Maintenance investments: these correspond to the investments necessary for the continuity of the

activity at the Group's production sites (renewal of equipment parts, replacement of reactors and production equipment, such as tanks); and

- Compliance investments: these are the investments necessary to comply with changes in the regulatory framework of the Group activities. These include investments made to comply with applicable quality and HSE standards (air emissions or quality of the water discharged and of the soils or exposure to chemical products), such as the construction of a purification site or the compliance of equipment under pressure.

Performance and growth investments correspond to acquisitions of property, plant and equipment and intangible assets that significantly increase the Group's production or development capacities, primarily as part of the development of its services as a Contract Development and Manufacturing Company (CDMO):

- Performance investments: these are investments intended to increase productivity, primarily through an increase in yield or speed or the reduction of operating costs by reducing the energy or raw materials consumed (improvement in machines, expansion of the largest reactors, automation operations, organization of work);
- Growth investments: these correspond to the installation of capacities that complement existing industrial facilities and the installation of new buildings.

Some of the Group's growth investments may be co-financed by its customers as part of its CDMO activities, increasing the amounts invested by the Group, in the form of payments prior to investments realization or of increased payments on the price of the products during the commercial relationship. Furthermore, certain investments may be subsidized via grants, which are deducted from the amounts invested.

(b) Main investments in progress

During the year ending December 31, 2023, the Group pursued its policy to invest in the development of its CDMO activities, which constitutes one of the Group's pillars for organic growth, and to make performance and growth investments, including notably: the increase of prostaglandin capacity at the Budapest site, the design and construction of a new production workshop dedicated to the production of HP-APIs hormones at the Vertolaye site and the expansion of capacities for production of peptides and oligonucleotides in Frankfurt.

(c) Main future investments

EUROAPI will continue to invest to ensure the required maintenance and compliance CAPEX as well as ongoing CMO activities while working on the potential divestment of Haverhill and Brindisi.
Prioritizing high-return projects, EUROAPI will invest between €350 and 400 million CAPEX between 2024 and 2027, with a focus on strategic growth initiatives, including increased capacities for Peptides and Oligonucleotides, Vitamin B12, and Prostaglandins.
To foster profitable growth, future CAPEX will be focused on:

a) Dedicated growth investments will strengthen Elbeuf site biochemistry fermentation capabilities, where a steam generation biomass boiler will be built to reduce CO2 emissions to achieve EUROAPI 2030 decarbonation plan.

b) Vertolaye's multi-production capabilities will be leveraged to boost Corticosteroids and Hormones sales through innovative processes and accelerate the CDMO roadmap.

c) The Frankfurt Large Molecules platform to grow the Tides capacities.

d) In Budapest, EUROAPI will continue to increase its Prostaglandin capacities.

(d) Environmental factors that could influence the use of the property, plant and equipment

Information about the environmental aspects that could influence the use of the Group's property, plant and equipment is provided in Section 5. "ESG - Corporate social responsibility" of the Universal Registration Document.

4.2.6 Alternative Performance Measures

EBITDA, Core EBITDA and Core FCF conversion are alternative performance measures within the meaning of AMF Position no. 2015-12, as they are not standardized accounting measures meeting a single generally accepted definition under IFRS. They should not be considered as substitutes for operating income net income or net cash provided by (used in) operating activities, which are measures defined by IFRS. Other issuers may calculate EBITDA and Core EBITDA, Core FCF Conversion differently from the definitions used by the Group.

EBITDA and Core EBITDA

EBITDA corresponds to operating income (loss) restated for depreciation and amortization and net impairment of intangible assets and property, plant and equipment. In addition to EBITDA, the Group presents Core EBITDA, which is a monitoring indicator of the underlying performance of the business after restatement for certain expenses and/or income that do not reflect the Group's operating performance. Core EBITDA thus corresponds to EBITDA adjusted from restructuring costs and similar items (excluding depreciation and write-downs), allocations net of reversals of unutilized provisions for environmental risks, and other items not representative of the Group's current operating performance or related to the effects of acquisitions or disposals.

EUROAPI considers that the exclusion of these items allows investors to better understand the underlying economic performance of the Group, considering that the exclusion of these items better reflects the current operating performance of the company.

In particular, the Group excludes from its Core EBITDA expenses related to its initial listing, such as those resulting from the exceptional allocation of free shares to certain executives and the employee shareholding plan (described in Note 5.11.5 "Share-based payment" of the Consolidated financial statements), as it considers that they do not reflect the Group's current operating performance.

Restructuring costs and similar items are detailed in Note 6.7 of the Consolidated financial statements, and allocations net of reversals of unutilized provisions for environmental risks are detailed in Note 5.13.1.

The table below shows the reconciliation of EBITDA and Core EBITDA with operating income.

(in € millions)	December 31, 2023	December 31, 2022
Operating income	**(234.3)**	**(0.8)**
Depreciation and amortization (1)	302.9	94.5
EBITDA	**68.6**	**93.7**
Restructuring costs and similar items (excluding depreciation and amortization) (2)	12.3	6.1
Allocations net of reversals of unutilized provisions for environmental risks	0.8	6.3
Other (3)	11.5	13.9
Core EBITDA	**93.1**	**120.0**

(1) Corresponds to "Depreciation, amortization and impairment of property, plant and equipment, intangible assets and right-of-use assets" in the consolidated statement of cash flows, restated to include amortization and impairment relating to restructuring costs and similar items.
(2) Corresponds to restructuring costs and similar items (excluding depreciation, amortization and impairment) as disclosed in Note 6.7 and Note 8 of the consolidated financial statements.
(3) For 2022 and 2023, the amount corresponds mainly to expenses related to the initial listing of EUROAPI, such as those resulting from the exceptional allocation of free shares to certain executives.

Core free cash flow and core free cash flow conversion

Core FCF conversion corresponds to the ratio between, on the one hand, (i) cash flow generated by (used in) operating activities less the "acquisitions of property, plant and equipment and intangible assets" items, and restated for the "net change in other current assets and other current liabilities", "current taxes" and cash inflows and outflows relating to Core EBITDA restatements, and on the other hand (ii) Core EBITDA.

(in € millions)	December 31, 2023	December 31, 2022
Cash flow provided by operating activities	**5.1**	**44.8**
Net change in other current assets and other current liabilities and current taxes	24.3	26.5
Financial expenses and income (recognized in the cash flow statement in operating activities)	—	—
Acquisitions of property plant and equipment and intangible assets	(132.8)	(167.4)
Intangible assets relating to the carve-out and Group IT set up	3.8	29.1
Restructuring costs and similar items – inflows/outflows	14.1	7.6
Expenses relating to environmental provisions – inflows/outflows	3.5	5.2
Other gains and losses, disputes	—	—
Core Free Cash Flow	**(82.0)**	**(54.2)**
Core Free Cash Flow conversion (Core Free Cash Flow/Core EBITDA)	**(88.0)%**	**(45.2)%**

Core Free Cash-flow amounted consequently to negative €(82.0) million for the year ended December 31, 2023, compared to €(54.2) million for the year ended December 31, 2022, notably impacted by:

a) €48.9 million change in trade receivables;

b) €(40.4) million change in inventories mainly driven by the impact of inflation and sales phasing. Inventory Months On Hand (MOH) was 7.6 in 2023 compared to 7.3 in 2022;

c) €(52.9) million change in payables.

Capex reached €(129.0) million (12.7% of Net Sales), of which 52% were dedicated to growth projects.

4.3 FINANCIAL RESOURCES AND LIABILITIES

Net cash provided by (used in) operating activities

Net cash provided by (used in) operating activities amounted, respectively, to €5.1 million and €44.8 million, for the years ended December 31, 2023 and 2022. A detailed analysis of net cash provided by (used in) operating activities for the years ended December 31, 2023 and 2022 is presented in Section 4.2.2 “Group cash flow analysis”.

The Group’s ability to generate cash from its operating activities in the future will depend on its future operating performance, which in turn will depend to some extent on economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Group’s control.

Financial liabilities

The Group short-term debt and financial liabilities are detailed in Note 5.17 of Consolidated financial statements.

Lease liabilities amounted to €20.1 million and €20.7 million, at December 31, 2023 and 2022, respectively. The Group’s lease liabilities are detailed in Note 5.12 of Consolidated financial statements.

On February 22, 2022, the Group entered into a €451 million RCF Loan Agreement with a banking syndicate composed of BNP Paribas, Bank of America, JP Morgan, Crédit Agricole, Société Générale, Deutsche Bank and Natixis (the “Lenders”) which expires on February 26, 2027.

RCF Loan Agreement

The purpose of the RCF Loan Agreement is to finance the Group’s general cash needs and its acquisitions. It is governed by French law, and the Company will have the option to make drawdowns under this agreement as of the Company’s notification to the Lenders of the initial listing of the Company’s shares on the regulated market of Euronext Paris. As a general rule, drawdowns are not subject to prior authorization from the Lenders, but are subject only to the absence of an early repayment event and the accuracy of the usual repeated representations. Only drawdowns intended to finance large cap acquisitions are subject to the prior agreement of a two-thirds majority of the Lenders.

Loans borrowed under the RCF Loan Agreement will bear interest at a EURIBOR-indexed variable rate, plus an applicable margin. The applicable margin is initially set at 0.35% per annum, with an upward or downward adjustment mechanism (“ratchet”). The usual commissions such as a commitment fee and a utilization fee will also apply.

The applicable margin varies depending on the ratio of consolidated net debt to consolidated Core EBITDA as defined in the RCF Loan Agreement, but without taking into account the effects of IFRS 16. The applicable margin level is reviewed every six months and was calculated for the first time on the basis of the financial statements at December 31, 2022. The margin varies within a range of 0.35% and 1.10% as a function of the gearing ratio defined above.

The RCF Loan Agreement contains certain affirmative and negative commitments, subject to the usual exceptions for this type of financing, including:

- the commitment not to divest, each year, more than 15% of consolidated assets (or, if this amount is greater, assets in an amount greater than €200 million);
- the commitment not to make large-cap acquisitions funded in whole or in part by the RCF Loan Agreement without the prior approval of the lenders;
- the commitment not to create certain security interests (pledges);
- the commitment not to enter into any merger, spin-off or regrouping transaction that would result in the dissolution of the Company;
- the commitment by the Company’s subsidiaries not to incur debt in an aggregate amount exceeding 20% of the Group’s consolidated debt; and
- the commitment not to grant loans to third parties or enter into transactions involving derivatives of a speculative nature.

Finally, the Group is required to maintain leverage (consolidated net debt/Core EBITDA, without taking into account the effects of IFRS 16), tested every six months and, for the first time, for the period ending December 31, 2022, less than or equal to 4.0x until maturity of the RCF Loan Agreement. As of December 31, 2023, this ratio is respected and stand at 1.98.

The RCF Loan Agreement authorizes voluntary early repayments with prior notice and for a minimum amount. The RCF Loan Agreement provides for repayment and/or early cancellation, in the event of a change of control of the Company, at the demand of any Lender made at the end of a consultation period of at least 60 days. A change of control would occur in the event that (i) Sanofi ceases to hold, directly or indirectly, on a fully diluted basis, at least 15% of the

capital and voting rights of the Company and ceases to hold, directly or indirectly, the right to appoint or dismiss a member of the Board of Directors of the Company, or (ii) any person (other than Sanofi) or group of persons acting in concert (other than a concert in which Sanofi would hold a majority share), would acquire more than 50% of the voting rights of the Company or (iii) all or a substantial portion of the Group's assets would be sold to a non-Group member (in one or more transactions).

The RCF Loan Agreement stipulates a certain number of early repayment events, which are usual for this type of financing, and include the usual cure periods, including payment default, non-compliance with the financial ratio, the statutory auditors' refusal to certify the Group's financial statements or the identification of significant reservations, the suspension or cessation of the Group activities, failure to meet any other undertaking or make any representation under the RCF Loan Agreement, cross-default and cross-early repayment events related to the Company or its principal subsidiaries, insolvency or the opening of bankruptcy proceedings against the Company or its principal subsidiaries, or the seizure of assets and certain judicial or regulatory judgments against the Company or its principal subsidiaries.

EUROAPI Group Cash pooling

The Group has set up an internal cash pool system between the Company and its subsidiaries to centralize liquidity inside the Group.

4.4 SUBSEQUENT EVENTS

- On January 4, 2024, EUROAPI announced the appointment of Ludwig de Mot as Executive Vice President (EVP) - Chief Transformation Officer.
- On January 25, 2024, EUROAPI announced that it has initiated a collaboration with SpiroChem, a leading Contract Research Organization (CRO) with best-in-class status in the field of early Chemical Process R&D (route scouting).
- On February 28, 2024, EUROAPI launched FOCUS-27, a comprehensive 4-year project that builds on EUROAPI's inner strengths to improve competitiveness and unlock sustainable and profitable growth potential. The project is built on four pillars: (i) a streamlined value-added API portfolio, (ii) a focused CDMO offer leveraging our recognized capabilities and technology platforms, (iii) a rationalized industrial footprint and (iv) a leaner organization with more efficient ways of working.
- On February 28, 2024, EUROAPI's Board of Directors appointed Ludwig de Mot as Chief Executive Officer.
- On February 28, 2024, EUROAPI announced a series of revisions to the Manufacturing and Supply Agreement signed in October 2021 with Sanofi, including: (i) the cancellation of the mutual performance clause, (ii) price increases in 6 selected APIs, (iii) the evolution of the pass-through clause for key raw materials and solvents, with full compensation by Sanofi in case of an above 20% price increase, (iv) the narrowing of the Price-Volume corridor with an annual compensation mechanism protecting both parties from annual revenue fluctuation and (v) shortened payment terms.
- On February 28, 2024, EUROAPI announced that Sanofi and EPIC BpiFrance have agreed to extend the duration of their lock-up until December 2025.
- In March 2024, an internal audit of the Company on the Brindisi site (Italy) revealed, quality control deficiencies due to potential local misconduct, which are being further investigated. Consequently, the Company announced on March 14, 2024, that its Italian subsidiary had suspended the production of all APIs in Brindisi until further notice, alerted the relevant health authorities, its customers and any other stakeholder potentially impacted by this event. The situation on the Brindisi site is expected to impact the Group's operational and financial performance and the Company has therefore suspended its full-year 2024 guidance on March 14, 2024. In 2023, sales related to the Brindisi site amounted to 63 million euros, of which 43% related to Sanofi. At this stage, the investigation are at a preliminary phase and we cannot determine the potential effects if any. The value of Brindisi non-current assets has previously been fully impaired in 2023 Consolidated Accounts in respect with the annual impairment test realized before the identification of that event (see note 5.5 of the Consolidated financial statements).

4.5 OUTLOOK

4.5.1 Medium-term outlook

EUROAPI withdrawn its medium-term outlook subsequent to the launch of the Strategic Review on October 9, 2023.

4.5.2 Outlook 2024

EUROAPI suspended it Full-Year 2024 guidance on March 14, 2024, subsequent to the temporary pause of API production at the Brindisi site in Italy due to quality control deficiencies identified during an internal audit.

4.6 CONSOLIDATED FINANCIAL STATEMENTS

4.6.1 Consolidated financial statements 2023

Consolidated statement of financial position

(in € millions)	Note	December 31, 2023	December 31, 2022
Goodwill	5.1	4.6	—
Property, plant and equipment	5.2/5.5	468.9	597.1
Right-of-use assets	5.3/5.5	37.2	42.2
Intangible assets	5.4/5.5	34.2	28.7
Other non-current assets	5.6	9.0	14.9
Deferred tax assets	7	79.2	29.6
Non-current assets		**633.1**	**712.5**
Inventories	5.7	644.8	594.7
Trade receivables	5.8	216.3	264.2
Other current assets	5.9	83.7	90.3
Cash and cash equivalents	5.17	34.5	74.5
Current assets		**979.3**	**1,023.6**
Total assets		**1,612.4**	**1,736.1**
Equity attributable to owners of the parent		927.7	1,110.2
Equity attributable to non-controlling interests		—	—
Total equity	**5.11**	**927.7**	**1,110.2**
Non-current lease liabilities	5.12	15.5	16.2
Provisions	5.13	158.6	146.9
Other non-current liabilities		—	—
Deferred tax liabilities	7	1.6	6.3
Non-current liabilities		**175.8**	**169.4**
Trade payables	5.14	159.6	219.6
Other current liabilities	5.15	139.3	132.2
Current lease liabilities	5.12	4.6	4.5
Short-term debt and other financial liabilities	5.17	205.4	100.1
Current liabilities		**508.9**	**456.5**
Total equity and liabilities		**1,612.4**	**1,736.1**

Consolidated income statement

(in € millions)	Note	December 31, 2023	December 31, 2022
Net sales	6.1	1,013.2	976.6
Other revenues	6.1	5.7	4.3
Cost of sales	6.2/6.4	(854.3)	(804.0)
Gross profit		**164.6**	**176.9**
Selling and distribution expenses		(40.9)	(37.7)
Research and development expenses	6.3	(29.6)	(21.8)
Administrative and general expenses		(90.0)	(90.5)
Other operating income and expense	6.5	0.4	0.2
Impairment of assets	6.6	(226.4)	(21.8)
Restructuring costs and similar items	6.7	(12.3)	(6.1)
Other gains and losses, and litigation	6.8	—	—
Operating income/(loss)		**(234.3)**	**(0.8)**
Financial expenses	6.9	(10.9)	(4.2)
Financial income	6.9	2.5	8.2
Income/(loss) before tax		**(242.8)**	**3.1**
Income tax expense	7	53.0	(18.2)
Net income/(loss)		**(189.7)**	**(15.0)**
Attributable to owners of the parent		(189.7)	(15.0)
Attributable to non-controlling interests		—	—
			—
Average number of shares outstanding (in millions)	5.11.3	94.2	93.7
Average number of shares after dilution (in millions)	5.11.3	95.9	95.0
- Basic earnings per share (in euros)		(2.02)	(0.16)
- Diluted earnings per share (in euros) (a)		(2.02)	(0.16)

(a) Diluted earnings per share for periods in which there was a net loss is presented as equivalent to basic earnings per share.

Consolidated statement of comprehensive income

(in € millions)	Note	December 31, 2023	December 31, 2022
Net income/(loss)		**(189.7)**	**(15.0)**
Attributable to owners of the parent		(189.7)	(15.0)
Attributable to non-controlling interests		—	—
Other comprehensive income:			
Actuarial gains/(losses)		(7.0)	36.2
Tax effects		1.9	(11.0)
Subtotal: items that will not subsequently be reclassified to profit or loss (A)		**(5.1)**	**25.3**
Currency translation differences (a)		8.0	(18.0)
Subtotal: items that may be reclassified to profit or loss (B)		**8.0**	**(18.0)**
Other comprehensive income for the period, net of taxes (A+B)		**3.0**	**7.3**
Comprehensive income		**(186.8)**	**(7.8)**
Of which comprehensive income attributable to owners of the parent		*(186.8)*	*(7.8)*
Of which comprehensive income attributable to non-controlling interests		—	—

(a) The € 8.0 million positive impact shown under currency translation differences mainly concerns Hungary (for a positive €7.1 million compared to a negative €15.0 million as of December 31,2022).

Consolidated statement of cash flows

(in € millions)	Note	December 31, 2023	December 31, 2022
Net income/(loss)		**(189.7)**	**(15.0)**
Depreciation, amortization and impairment of property, plant and equipment, right-of-use assets and intangible assets	5.2 to 5.4	302.9	94.5
Income tax expense		(53.0)	18.5
Other profit or loss items with no cash effect and reclassification of interests [(a)]		13.7	13.4
Operating cash flow before changes in working capital		**73.9**	**111.3**
(Increase)/decrease in inventories		(40.4)	(31.7)
(Increase)/decrease in trade receivables		48.9	(29.6)
Increase/(decrease) in trade payables		(52.9)	21.4
Net change in other current assets and other current liabilities		(24.3)	(26.5)
Net cash provided by operating activities [(b)]		**5.1**	**44.8**
Acquisitions of property, plant and equipment and intangible assets [(c)]		(132.8)	(167.4)
Acquisitions of consolidated undertakings and equity-accounted investments		(4.5)	—
Proceeds from disposals of property, plant and equipment, intangible assets and other non-current assets, net of tax		—	—
Net change in other non-current assets		—	—
Net cash used in investing activities		**(137.3)**	**(167.4)**
Capital increases	5.11.1	—	88.7
Dividends paid		—	—
Repayment of lease liabilities		(7.3)	(4.6)
Net change in short-term debt	5.17	105.0	98.5
Finance costs paid [(d)]		(6.1)	(2.9)
Acquisitions and disposals of treasury shares	5.11.2	(0.6)	(1.3)
Other net cash flow arising from financing activities [(e)]		1.2	9.3
Net cash provided by financing activities		**92.2**	**187.8**
Impact of exchange rates on cash and cash equivalents		—	(1.0)
Net change in cash and cash equivalents		**(40.0)**	**64.2**
Cash and cash equivalents at beginning of period		**74.5**	**10.3**
Cash and cash equivalents at end of period		**34.5**	**74.5**

(a) In 2023, this line includes mainly interests, changes in provisions and unwinding of discount, unrealized exchange gains and losses for €9.9 million and share-based payment expense for €4.9 million (see Note 5.11.5). In 2022, this line mainly comprises interests, changes in provisions and unwinding of discounts, unrealized exchange gains and losses for €2.4 million and share-based payment expense for €10.9 million.

(b) In 2023, this line includes €16.9 million of income tax paid, compared to €2.6 million In 2022,

(c) This line includes the acquisition carried out during the period (see note 3.1) and the change over the period in amounts payable for acquisitions of non-current assets (capital expenditure) for €31.1 million (see Note 5.15)

(d) Finance costs paid include interest paid for €6.9 million and €0.8 million of interest received.

(e) For 2022, this amount corresponds to cash flows on the current account with the controlling entity until the effective spin-off date. As of the spin-off date, the current account receivable was reimbursed in full by Sanofi.

Consolidated statement of changes in equity

(in € millions)	Share capital	Legal reserve and share premium	Treasury shares	Other comprehensive income	Other reserves and retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2022	**90.0**	**1,778.2**		**16.6**	**(868.8)**	**1,015.9**	**—**	**1,015.9**
Other comprehensive income for the period	—	—	—	(18.0)	25.3	7.3	—	7.3
Net income/(loss) for the period	—	—	—	—	(15.0)	(15.0)	—	(15.0)
Comprehensive income for the period	**—**	**—**	**—**	**(18.0)**	**10.2**	**(7.8)**	**—**	**(7.8)**
Capital increases	4.6	84.2	—	—	—	88.7	—	88.7
Dividend paid out of 2021 earnings	—	—	—	—	—	—	—	—
Share-based payment	—	—	—	—	10.9	10.9	—	10.9
Issue of shares	—	—	(1.3)	—	—	(1.3)	—	(1.3)
Net contribution of Sanofi to the EUROAPI Group	—	—	—	—	3.7	3.7	—	3.7
Other movements	—	—	—	—	—	—	—	—
Balance at December 31, 2022	**94.6**	**1,862.3**	**(1.3)**	**(1.4)**	**(844.0)**	**1,110.2**	**—**	**1,110.2**

(in € millions)	Share capital	Legal reserve and share premium	Treasury shares	Other comprehensive income	Other reserves and retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2023	**94.6**	**1,862.3**	**(1.3)**	**(1.4)**	**(844.0)**	**1,110.2**	**—**	**1,110.2**
Other comprehensive income for the period	—	—	—	8.0	(5.1)	3.0	—	3.0
Net income/(loss) for the period	—	—	—	—	(189.7)	(189.7)	—	(189.7)
Comprehensive income for the period	**—**	**—**	**—**	**8.0**	**(194.8)**	**(186.8)**	**—**	**(186.8)**
Capital increases [(a)]	0.5	(0.5)	—	—	—	—	—	—
Dividend paid out of 2022 earnings	—	—	—	—	—	—	—	—
Share-based payment [(b)]	—	—	—	—	4.9	4.9	—	4.9
Treasury shares	—	—	(0.6)	—	—	(0.6)	—	(0.6)
Other movements	—	—	—	—	—	—	—	—
Balance at December 31, 2023	**95.1**	**1,861.8**	**(1.9)**	**6.7**	**(1,033.9)**	**927.7**	**—**	**927.7**

(a) Note 5.11 explains in detail the capital increase.
(b) Note 5.11.5 explains the main impacts presented under "Share-based payment".

Notes to the consolidated financial statements as of December 31, 2023

Note 1. Introduction

EUROAPI, together with its subsidiaries (collectively "EUROAPI", "the Group" or "the Company") is a leading player in the active pharmaceutical ingredient (API) market.

The Group comprises (i) six specialist API manufacturing sites in five European countries (France, Germany, United Kingdom, Italy and Hungary); (ii) a number of development platforms, the two largest of which are housed at the Group's sites in Hungary and Germany; (iii) a commercial network responsible for the worldwide distribution and commercialization of a portfolio of approximately 200 active pharmaceutical ingredients for both API solutions and CDMO activities; and (iv) development and business management teams responsible for those activities within EUROAPI.

EUROAPI is listed on the regulated market of Euronext Paris (Euronext: EAPI).

The consolidated financial statements cover the 12-month period ended December 31, 2023 and were approved and authorized for issue by the EUROAPI Board of Directors at its meeting on February 28, 2024.

Note 2. Basis of preparation of financial statements and accounting policies – International Financial Reporting Standards (IFRS)

Pursuant to Regulation no. 1606/2002 of July 19, 2002, as amended by European Regulation no. 297/2008 of March 11, 2008, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as endorsed by the European Union and issued by the International Accounting Standards Board (IASB). The IFRSs endorsed by the European Union as of December 31, 2023 can be consulted via the following web link:

https://www.efrag.org/Endorsement.

The term "IFRS" refers collectively to International Accounting Standards and International Financial Reporting Standards (IASs and IFRSs) and to the interpretations of the IFRS Interpretations Committee (IFRS-IC).

Unless otherwise indicated, the amounts shown in the consolidated financial statements are presented in millions of euros.

New standards, amendments and interpretations

New standards applicable from January 1, 2023:

Standards, amendments and interpretations whose application was mandatory as of January 1, 2023 are as follows:

- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates" (issued on February 12, 2021).
- Amendments to IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies" (issued on February 12, 2021).
- Amendments to IAS 12 "Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (issued on May 7, 2021).
- Amendments to IAS 12 "Income Taxes: International Tax Reform – Pillar Two Model Rules" (issued on May 23, 2023). See Note 7 for more details on this amendment.
- IFRS 17 "Insurance Contracts" (issued on May 18, 2017); including Amendments to IFRS 17 (issued on June 25, 2020).
- Amendments to IFRS 17 "Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information" (issued on December 9, 2021).

These new amendments had no material impact on the Group's consolidated financial statements.

New pronouncements issued by the IASB and applicable from 2024 or later:

Standards, amendments and interpretations issued by the IASB that will have mandatory application in 2024 or subsequent years :

- Amendments to IAS 1 "Presentation of Financial Statements – Classification of Liabilities as Current or Non-current" and "Classification of Liabilities as Current or Non-current – Deferral of Effective Date" (issued on January 23, 2020 and July 15, 2020, respectively with an effective date on January 1, 2024).
- Amendments to IAS 1 "Non-current liabilities with covenants" (issued on October 31, 2022 with an effective date on January 1, 2024).

- Amendments to IFRS 16 “Lease liability in a Sale and Leaseback” (issued on September 22, 2022 with an effective date on January 1, 2024).
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023 and not yet endorsed).
- Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures: Supplier Finance Arrangements” (issued on May, 25, 2023 and not yet endorsed).

Those amendments will not have a material impact on the consolidated financial statements and have not been early adopted by EUROAPI.

Use of estimates

The preparation of financial statements under IFRS requires management to make estimates and assumptions that affect the amounts presented in the financial statements and the notes thereto.

These estimates and assumptions, prepared on the basis of information available at the end of the reporting period, relate in particular to:

- the level and pattern of recognition of revenue from industrial services contracts with “CDMO” customers (see Note 6.1);
- the recoverable amount of cash-generating units (see Note 5.5);
- the allowances for impairment and destruction of inventories (see Note 5.7);
- the measurement of assets and liabilities relating to post-employment benefits (see Note 5.13);
- the recoverability of deferred tax assets (Note 7);
- the amount of provisions for risks (see Note 5.13), including environmental risks.

Foreign currency translation

Foreign currency translation of the financial statements of foreign entities

EUROAPI presents its consolidated financial statements in euros (€). In accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”, each subsidiary accounts for its transactions in the currency that is most representative of its economic environment (the entity’s functional currency).

All assets and liabilities are translated into euros using the exchange rate of the subsidiary’s functional currency prevailing at the end of the reporting period. Income and expenses recognized in the income statement are translated using a weighted average exchange rate for the period.

The resulting currency translation differences are recognized within a separate line item in the statement of comprehensive income.

Financial instruments

Non-derivative financial assets

In accordance with IFRS 9 “Financial Instruments” and IAS 32 “Financial Instruments: Presentation”, the classification of non-derivative financial assets adopted by EUROAPI as presented in the consolidated financial statements is described below. The classification used depends on (i) the characteristics of the contractual cash flows (i.e., whether they represent interest or principal) and (ii) the business model for managing the asset applied at the time of initial recognition.

Financial assets at fair value through profit or loss: financial assets at fair value through profit or loss are classified in the statement of financial position in “Other non-current assets”, “Other current assets”, and “Cash and cash equivalents”.

Financial assets at amortized cost: financial assets at amortized cost comprise instruments whose contractual cash flows represent payments of interest and repayments of principal and which are managed with a view to collecting cash flows. The main assets in this category are loans and receivables. They are presented in “Other non-current assets”, “Other current assets”, “Trade receivables” and “Cash and cash equivalents”. Loans with a maturity of more than 12 months are presented in “Long-term loans and advances” within “Other non-current assets”. These financial assets are measured at amortized cost using the effective interest method.

Impairment of financial assets measured at amortized cost: the main assets involved are trade receivables. Trade receivables are initially recognized at the amount invoiced to the customer. Impairment losses on trade receivables are estimated using the expected loss method, in order to account for the risk of default over the lifetime of the receivables. The expected credit loss is estimated collectively for all trade receivables at the end of each reporting period using an average expected loss rate, determined primarily on the basis of historical credit loss rates. However, that average expected loss rate may be adjusted if there are indications of a likely significant increase in credit risk. If an individual receivable is subject to a known credit risk, a specific impairment loss is recognized.

The amount of expected losses is recognized in the statement of financial position as a reduction in the gross amount of trade receivables.

Derivative instruments

Derivative instruments that are not designated as hedges for hedge accounting are initially and subsequently measured at fair value, with changes in fair value recognized in the income statement in "Other operating income" or in "Financial income" or "Financial expenses", depending on the nature of the underlying economic item which is hedged.

Currency derivative instruments used by EUROAPI are not designated as hedges for hedge accounting. They are recorded in other current assets and liabilities in the statement of financial position (see Note 5.16).

Non-derivative financial liabilities

Borrowings and debt: bank borrowings and debt instruments are initially measured at the fair value of the consideration received, net of directly attributable transaction costs.

Subsequently, they are measured at amortized cost using the effective interest method. All costs related to the issuance of borrowings or debt instruments, and all differences between the issue proceeds net of transaction costs and the value on redemption, are recognized within financial expenses over the term of the debt using the effective interest method.

Other non-derivative financial liabilities: financial liabilities comprise trade payables, which are measured at fair value (which equates to face value) on initial recognition, and subsequently at amortized cost.

Fair value of financial instruments

Under IFRS 13 "Fair Value Measurement" and IFRS 7 "Financial Instruments: Disclosures", fair value measurements must be classified using a hierarchy based on the inputs used to measure the fair value of the instrument. This hierarchy has three levels:

- level 1: quoted prices in active markets for identical assets or liabilities (without modification or repackaging);
- level 2: quoted prices in active markets for similar assets and liabilities, or valuation techniques in which all critical inputs are derived from observable market data; and
- level 3: valuation techniques in which not all critical inputs are derived from observable market data.

The table below shows the disclosures required under IFRS 7 relating to the measurement principles applied to financial instruments.

					Method used to determine fair value	
Note	**Type of financial instrument**	**Measurement principle**	**Level in fair value hierarchy**	**Valuation technique**	**Valuation model**	**Market data**
	Long-term loans and advances, and other non-current receivables and payables	Amortized cost	N/A	N/A	The amortized cost of long-term loans and advances, and other non-current receivables and payables, is not materially different from their fair value at the end of the reporting period.	
5.8/5.14	Trade receivables and payables	Amortized cost	N/A	N/A	Trade receivables and payables are measured at fair value (which equates to face value) on initial recognition, and subsequently at amortized cost.	
5.13	Financial assets measured at fair value held to meet obligations under post-employment benefit plans	Fair value	1	Market value	Quoted market	
5.12	Lease liabilities	Amortized cost	N/A	N/A	The liability for future lease payments is discounted using the incremental borrowing rate.	
5.17	Debt	Amortized cost	N/A	N/A	Amortized cost is regarded as an acceptable approximation of fair value as reported in the notes to the consolidated financial statements.	
5.16	Forward currency contracts	Fair value	2		Present value of future cash flows	Maturity < 1 year: Mark-to-market

Seasonal trends

EUROAPI's activities are not subject to significant seasonal fluctuations. It should be noted, however, that the production cycle for the bulk of APIs exceeds six months.

Net sales are usually more heavily distributed toward the second half, driven by higher API Solution sales as customers manage their contractual obligation toward minimum quantity orders and sales of some APIs are seasonal. For the CDMO activity, revenue is recognized in accordance with IFRS 15 based on the fulfillment of performance obligations. CDMO contracts can take around 6 months to start generating revenue and are executed over an average period of 18 to 24 months.

Effects of climate change

Risks associated with climate change as assessed to date, and the commitments made by EUROAPI on carbon neutrality and cutting greenhouse gas emissions, do not have a material impact on the financial statements.

Note 3. 2023 highlights

3.1 Main acquisitions of the period

Acquisition of BianoGMP

On November 21, 2023 EUROAPI acquired all outstanding shares in BianoGMP ("Biano"), a Contract Development and Manufacturing Organization ("CDMO") with recognized expertise in oligonucleotides. The addition of this pure player based in Germany complements our Frankfurt capacities and enables the group to accompany a wider client base from research to commercialization. The total consideration paid at the acquisition date was €4.6 million (share price and loan) and the provisional fair value of assets and liabilities stand at €0.1 million (including cash for € 0.1 million, tangible and intangible assets for €1.7 million, currents assets for €0.3 million and current liabilities for € 1.9 million).

The provisional goodwill amounts to €4.6 million and reflects the expected synergies from cross selling and the intangible assets that does not qualify for separate recognition. The acquisition related costs amount to €0.3 million. Under IFRS 3, the purchase price accounting must be finalized within 12 months of the acquisition date.

Since the acquisition date, BianoGMP contributed to group Revenue for € 0.1 million. The contribution to the net result of the group since the acquisition date is not material. The total revenue of BianoGMP realized from January 1, 2023 to December 31, 2023 stand to €1.2 million.

3.2 Other significant events

Amendment to Sanofi Contractual Terms

Acknowledging the need for both parties to adapt their relationship to the current environment, Sanofi and EUROAPI have agreed on a series of amendments to the Manufacturing and Supply Agreement signed in October 2021 (refer to Universal Registration Document 2022, Chapter 3.1), including:

- Cancellation of the performance clause in the Manufacturing Supply Agreement and in the Reverse Manufacturing Supply Agreement until the end of the contracts.
- Price increases in selected APIs.
- Evolution of the pass-through clause for key Raw Materials and solvents, with full compensation by Sanofi in case of an above 20% price increase,
- Narrowing of the Price-Volume corridor, an annual compensation mechanism protecting both parties from annual revenue fluctuation.
- Shortened payment terms for the Manufacturing Supply Agreement.

EUROAPI share-based payments

On June 5, 2023, the Board of Directors granted several new stock option plans and performance shares. Detailed information concerning the terms and conditions of these plans and the financial impact on the consolidated financial statements is presented in Note 5.11.

Other agreements

In first-half 2023, EUROAPI entered into a four-year CDMO agreement with L'Oréal group entity Novéal. Under this agreement, EUROAPI will develop and process engineer innovative cosmetic ingredients on behalf of Novéal.

Capital increase

By decision of June 5, 2023, the Board of Directors

carried out a capital increase resulting from the definitive allocation of free shares to its employees for a total amount of €504,196.

French tax group

Since January 1, 2023, EUROAPI SA has elected to apply the French tax consolidation regime and is therefore the head of a French tax group comprising all of EUROAPI's French subsidiaries.

Deferred tax on assets

In 2023, EUROAPI Hungary performed a tax-free step-up on assets (see Note 7).

Progressive restart of prostaglandin production at the Budapest site

As explained in the 2022 consolidated financial statements, the Group identified certain deficiencies in respect of Good Manufacturing Practices related to documentation management during an internal assessment and decided, on November 30, 2022, to temporarily suspend prostaglandin operations at its Budapest site.

Further to that event, the Group built and successfully implemented a comprehensive remediation plan, allowing it to progressively restart prostaglandin production in January 2023.

As anticipated, no other activities at the Budapest site were impacted, including the Contract Development and Manufacturing Organization (CDMO) business.

FOCUS-27

The strategic review initiated in October 2023 resulted in a program which aim at building on the group strengths, refocusing on high-value and growing market segments, improving competitiveness, and unlocking EUROAPI's sustainable and profitable growth potential.

As a consequence the group launched FOCUS-27, a comprehensive transformation program that will unlock profitable growth and increase returns through:

- a streamlined value-added API portfolio;
- a strengthened CDMO offer leveraging our recognized capabilities and technology platforms;
- the rationalization of the industrial footprint;
- a leaner organization and more efficient ways of working.

FOCUS-27 includes also the transformation program which was initiated in March 2023 which aims at streamlining and simplifying the Company processes, stepping up the operational excellence strategy, and accelerating the CDMO roadmap.

The new strategic plan, approved by the board of directors served as a basis for impairment tests and the assessment of the recoverability of assets resulting in (i) impairment expenses for fiscal year 2023 as described in note 5.5 and (ii) non recognition of deferred tax asset as described in note 7.

The initial costs related to FOCUS-27 and the initial transformation plan are presented under restructuring costs and similar items (see Note 6.7).

Change in governance

On October 30, 2023, Karl Rotthier stepped down from his position as Chief Executive Officer, pursuant to the decision of the Board of Directors on October 25, 2023. The Board launched a search for a new Chief Executive Officer and appointed Viviane Monges, EUROAPI's current Chair of the Board of Directors, as interim Chair and Chief Executive Officer until a permanent successor has been appointed.

Upon the recommendation of the Nominations and Compensation Committee, the Board of Directors decided that the compensation payable to Karl Rotthier for his removal from office represents a total of €0.7 million as recorded as of December 31, 2023, payable subject to the approval of a specific resolution by the Annual General Meeting of May 22, 2024.

The Board of Directors also decided to pay him a monthly non-compete indemnity over a six-month period, for a total amount of €0.3 million.

Note 4. Scope of consolidation

ACCOUNTING PRINCIPLES

Scope of consolidation

EUROAPI's Group's consolidated financial statements include all companies over which EUROAPI has control, joint control or significant influence.

Consolidation method

The consolidation method is based on the degree of control exercised by the Group.

- Control: full consolidation. The Group controls an entity when the three following conditions are fulfilled:
  - it holds power over the entity;
  - it is exposed, or has rights, to variable returns from its involvement with the entity;
  - it has the ability to use its power to affect the amount of the investor's returns.
- Joint control and significant influence: equity-method accounting. Joint control exists where operating, strategic and financial decisions require unanimous agreement between the partners. Influence is defined as the power to contribute to a company's financial and operating policy decisions, rather than to exercise control over those policies. Significant influence is presumed where the Group directly or indirectly holds 20% or more of an entity's voting rights.
- No influence: the Company is not consolidated.

All entities in EUROAPI's scope are fully consolidated. In 2023, EUROAPI acquired all outstanding shares in BianoGMP (see Note 3.1). See detailed scope presented in Note 10.8.

Note 5. Notes to statement of financial position

5.1 Business combinations and goodwill

ACCOUNTING PRINCIPLE

Business combinations are recorded in accordance with the acquisition method as defined in IFRS 3.

Under this method, identifiable assets acquired and liabilities assumed of the acquiree are recorded at fair value at the acquisition date. The goodwill arising from the business combination is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest and, where applicable, the fair value of any previously held interest, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Goodwill is measured in the functional currency of the company acquired and is recognized under assets in the consolidated statement of financial position.
Pursuant to IFRS, goodwill is not amortized but is tested for impairment (described in Note 5.5) at least annually or more frequently where there is evidence calling into question the net carrying amount of the asset. The Group recognizes negative goodwill in the event of a bargain purchase, with the corresponding gain recognized in net income at the acquisition date. Acquisition-related costs are expensed in the period in which they are incurred and the services received, within “Restructuring costs and similar items” .

Pursuant to the provisions of IFRS 3, the Group may finalize the recognition of the business combination during the measurement period. This period ends when all the necessary information has been obtained and no later than 12 months after the acquisition date.

As described in Note 3.1, the provisional goodwill recognized on the acquisition of BianoGMP totaled €4.6 million.

5.2 Property, plant and equipment

ACCOUNTING PRINCIPLE

Property, plant and equipment is initially measured and recognized at acquisition cost, including any directly attributable cost of preparing the asset for its intended use. The component-based approach to accounting for property, plant and equipment is applied.

Government grants relating to property, plant and equipment are deducted from the acquisition cost of the asset to which they relate.

After initial measurement as indicated above (representing the gross value), property, plant and equipment is carried at cost less accumulated depreciation and impairment, except for land which is carried at cost less impairment.

The gross value of items of property, plant and equipment, net of any residual value (estimated disposal value at the end of the asset’s useful life), is depreciated on a straight-line basis over the useful life of the asset. The useful life of an asset is usually equivalent to its economic life.

The useful lives applied to property, plant and equipment are as follows:

Buildings	15 to 40 years
Fixtures	10 to 20 years
Machinery and equipment	5 to 15 years
Other	3 to 15 years

Useful lives and residual values of property, plant and equipment are reviewed regularly. The effect of any adjustment to useful lives or residual values is recognized prospectively as a change in accounting estimate.

Depreciation charged against items of property, plant and equipment is incorporated into the cost of inventories or expensed when incurred. Depreciation expense is presented within the income statement line item that corresponds to the function for which the asset is used.

Property, plant and equipment that is under construction and unavailable for use is depreciated from the date on which it is brought into service, defined as the date of acceptance of the asset for operational use.

The net carrying amount of property, plant and equipment owned by EUROAPI stood at €468.9 million as of December 31, 2023.

(in € millions)	December 31, 2022	Acquisitions and other increases	Depreciation expense	Impairment losses, net of reversals (a)	Disposals and other decreases	Currency translation differences	Transfers	December 31, 2023
Land	15.9	—	—	—	—	0.3	0.1	16.3
Buildings	301.6	—	—	—	(1.1)	4.3	16.6	321.4
Machinery and equipment	1,555.6	—	—	—	(15.0)	9.0	79.2	1,628.9
Fixtures, fittings and other	156.3	—	—	—	(1.5)	0.7	18.8	174.2
Property, plant and equipment in progress	164.7	151.7	—	—	—	2.3	(112.5)	206.2
Gross value	**2,194.0**	**151.7**	**—**	**—**	**(17.6)**	**16.6**	**2.1**	**2,346.8**
Land	—	—	—	—	—	—	—	—
Buildings	(201.5)	—	(8.4)	—	1.1	(3.0)	—	(211.8)
Machinery and equipment	(1,268.3)	—	(46.1)	(221.1)	14.9	(6.6)	(0.6)	(1,527.9)
Fixtures, fittings and other	(126.5)	—	(9.0)	—	1.6	(0.7)	—	(134.7)
Property, plant and equipment in progress	(0.6)	—	—	(3.5)	—	—	0.6	(3.5)
Accumulated depreciation and impairment	**(1,597.0)**	**—**	**(63.5)**	**(224.7)**	**17.6**	**(10.3)**	**—**	**(1,877.9)**
Land	15.9	—	—	—	—	0.3	0.1	16.3
Buildings	100.1	—	(8.4)	—	—	1.3	16.6	109.6
Machinery and equipment	287.3	—	(46.1)	(221.1)	—	2.4	78.5	101.0
Fixtures, fittings and other	29.7	—	(9.0)	—	—	—	18.8	39.4
Property, plant and equipment in progress	164.1	151.7	—	(3.5)	—	2.3	(111.9)	202.7
Net value	**597.1**	**151.7**	**(63.5)**	**(224.7)**	**—**	**6.3**	**2.1**	**468.9**

(a) See note 5.5

5.3 Right-of-use assets

ACCOUNTING PRINCIPLE

Under IFRS 16 “Leases”, a contract or part of a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

EUROAPI recognizes a right-of-use asset and a lease liability at the commencement date of the lease. Right-of-use assets are initially measured at cost, and then at cost less accumulated depreciation and impairment; the amount may also be adjusted to reflect certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments not yet paid at the commencement date. The discount rate used is the interest rate implicit in the lease or, if that cannot be readily determined, the lessee’s incremental borrowing rate (based on the lease term, not maturities). EUROAPI generally uses the latter rate as a discount rate; it corresponds to the risk-free rate for the currency in which the lease is denominated, plus an uplift for credit risk over the duration of the payments.

Subsequently, the lease liability is increased to reflect interest on the liability, and reduced by the amount of the lease payments made.

It is remeasured if future lease payments are modified following changes in an index or rate, or if the Group reassesses whether to exercise an option to purchase or a termination option.

EUROAPI has elected to use the exemptions permitted under IFRS 16 relating to leases with a term of 12 months or less and leases of low-value assets (less than €5,000). Lease payments on such leases are recognized when incurred as an operating expense, within the relevant income statement line item for the use of the leased asset.

Non-cancelable operating leases attributed to EUROAPI comprise mainly:

- leases of office space and industrial premises;
- leases of vehicles.

Right-of-use assets relating to property, plant and equipment held under leases break down as follows:

(in € millions)	December 31, 2022	Acquisitions and other increases	Depreciation expense	Disposals and other decreases	Transfers	December 31, 2023
Land and buildings	53.5	3.3	—	(6.1)	0.1	50.6
Machinery and equipment	—	—	—	—	—	—
Other property, plant and equipment	6.8	2.3	—	(0.1)	(0.2)	8.8
Gross value	**60.3**	**5.6**	**—**	**(6.3)**	**(0.1)**	**59.4**
Land and buildings	(15.0)	—	(4.5)	2.0	—	(17.6)
Machinery and equipment	—	—	—	—	—	—
Other property, plant and equipment	(3.1)	—	(2.0)	0.1	0.2	(4.7)
Accumulated depreciation and impairment	**(18.1)**	**—**	**(6.5)**	**2.1**	**0.2**	**(22.3)**
Land and buildings	38.5	3.3	(4.5)	(4.2)	0.1	33.1
Machinery and equipment	—	—	—	—	—	—
Other property, plant and equipment	3.7	2.3	(2.0)	—	—	4.1
Net value	**42.2**	**5.6**	**(6.5)**	**(4.2)**	**0.1**	**37.2**

Lease expense on short-term leases and low-value assets are not recognized under IFRS 16. The rental expenses recorded in 2023 in relation to these leases are not material.

The gross value of “Land and buildings” negatively impacted by €6.1 million over the period. This is partly linked to the revaluation of the restoration provision for leased buildings in Germany recorded against right-of-use assets in accordance with IAS 37 for €4.2 million (see Note 5.13).

5.4 Intangible assets

ACCOUNTING PRINCIPLE

Acquired software

Intangible assets, which mainly comprise acquired or internally-developed computer software, are amortized on a straight line basis over their useful lives, ranging between three and five years.

The useful lives of intangible assets are reviewed regularly at the end of each reporting period. In the event of a change in estimate of the amortization period, the amortization charge is adjusted prospectively.

Amortization charged against intangible assets is recognized in the income statement according to the nature and use of each intangible asset taken individually.

Intangible assets are carried at cost, minus (i) accumulated amortization and (ii) any accumulated impairment losses recognized in accordance with IAS 36 “Impairment of Assets”.

Software licenses are capitalized at acquisition cost, including any directly attributable cost of preparing the software for its intended use. Software licenses are amortized on a straight-line basis over their useful lives as determined by EUROAPI (three to five years).

Internally generated costs incurred to develop or upgrade software are capitalized if the criteria specified in IAS 38 “Intangible Assets” are satisfied and are amortized on a straight-line basis over the useful life of the software.

Internally generated research and development

Research expenditure is systematically recognized as an expense when incurred.

Development expenditure comprises expenditure incurred in relation to in-house programs to develop or improve industrial manufacturing processes prior to their operational and industrial use. Because such developments are subject to risks and uncertainties inherent to EUROAPI’s activities, the criteria for capitalization are considered by program. Considering risks and uncertainties about the technical feasibility of development projects, internally generated development expenditure (mainly comprising primary costs of development platforms) is generally expensed as incurred within “Research and development expenses”. Conversely, where the six IAS 38 criteria are considered to have been met, such expenditures are recognized as an asset in the statement of financial position within “Intangible assets” as incurred.

Intangible assets derived from in-house development projects are amortized over their useful lives. If the asset contributes to the inventory production cycle, the related amortization expense is incorporated in the cost of inventories; otherwise, it is recognized as a component of operating income within the appropriate income statement line item.

Movements in other intangible assets during the year 2023 were as follows:

(in € millions)	December 31, 2022	Acquisitions and other increases	Depreciation expense	Currency translation differences	Transfers	December 31, 2023
Software	41.3	9.7	—	0.3	0.6	51.9
Other intangible assets	1.8	4.2	—	—	(0.1)	5.9
Other rights	1.2	—	—	—	0.1	1.3
Gross value	**44.3**	**13.9**	**—**	**0.3**	**0.6**	**59.1**
Software	(15.5)	—	(8.0)	(0.2)	—	(23.7)
Other intangible assets	—			—	—	—
Other rights	(0.1)	—	(1.1)	—	—	(1.2)
Accumulated amortization and impairment	**(15.7)**	**—**	**(9.1)**	**(0.2)**	**—**	**(24.9)**
Software	25.8	9.7	(8.0)	0.1	0.6	28.2
Other intangible assets	1.8	4.2	—	—	(0.1)	5.9
Other rights	1.1	—	(1.1)	—	0.1	0.1
Net value	**28.7**	**13.9**	**(9.1)**	**0.1**	**0.6**	**34.2**

As at December 31, 2023, costs related to the ELLA program (a new process to improve B12 production) in Elbeuf and Buprenorphine project in Vertolaye (launch of a new product as part of the pipeline extension program) meeting the IAS 38 criteria were capitalized as intangible assets derived from in-house development for €4.7 million.

5.5 Impairment of goodwill, property, plant and equipment, right of use assets and intangible assets

ACCOUNTING PRINCIPLE

In accordance with IAS 36 “Impairment of Assets”, property, plant and equipment, right of use assets, amortized intangible assets and goodwill are tested for impairment when there is an indication that they may have become impaired, and at least once a year for goodwill. Indications of impairment are assessed using quantitative and qualitative criteria.

The qualitative criteria used relate mainly to risks of non-compliance with pharmaceutical industry regulations and good manufacturing practices, and technological advances. The quantitative criteria used relate to commercial and manufacturing activity levels that could have lasting negative effects on EUROAPI’s operating results.

If there is an indication that an individual asset may have become impaired, the recoverable amount of the asset is determined separately if possible, or at the level of the cash-generating unit (CGU) to which the asset belongs.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identifying such asset groups requires management to exercise judgment, based on how operations are managed. Cash-generating units are identified consistently from period to period unless a change is justified.

The recoverable amount of a CGU is also measured if there is an indication that the CGU itself may have become impaired.

Recoverable amount is the higher of (i) fair value less cost of disposal (ii) value in use.

If impairment tests show that a CGU is impaired, the impairment loss is allocated first to any goodwill corresponding to that CGU and then pro rata to all the other assets of the CGU based on the carrying amount of each asset, without however reducing the carrying amount of an asset below the higher of (i) fair value less costs to sell (if measurable) and (ii) its value in use (if determinable).

The CGUs of the EUROAPI Group mainly comprise depreciable items of property, plant and equipment and inventories measured at cost.

Impairment losses taken against non current assets are presented in a dedicated income statement line.

Key assumptions underlying the determination of recoverable amounts.

The recoverable amount determined by the Group is generally equal to the present value of the future cash flows expected to be derived from a CGU and based on the following:

- cash flow projections are taken from the Long-Term Plan prepared each year and reflect changes in volumes, prices, direct costs and investment in the period, determined based on contracts and activities and in line with past data and expected changes over the period covered by the Long-Term Plan;
- this plan covers the year in progress and the next four years, with an extrapolation period of cash flow estimates. This period is representative of the average duration of the Group’s long-term industrial projects and its short-term activities;
- terminal values are calculated based on discounted forecast flows for the last year of a long-term plan after extrapolation. These flows are determined for each CGU based on a perpetual growth rate mainly founded on long-term inflation;
- these terminal values are calculated based on discount rates and perpetual growth rates reflecting the country or the geographic area of the CGU;
- a discount rate (weighted average cost of capital) is determined corresponding to Consumer Healthcare index: it is equal to the risk-free rate plus a risk premium weighted for country-specific risks. A risk premium is included in the calculation of the weighted average cost of capital of entities located in countries outside the euro zone. The discount rates estimated by management for each CGU therefore reflect current market assessments of the time value of money and the country specific risks to which the CGU is exposed, with the other risks reflected in the expected future cash flows from the assets. These rates were updated by an independent expert once a year.

As mentioned in the note 3, the plan FOCUS-27 resulting from the strategic review initiated in October 2023 triggered impairment test on the value of the assets of the Company. The impairment testing was based on the strategic plan 2024-2027 with an extrapolation period of cash flow estimates.

The recoverable value was determined as the greater value between the fair value less cost of disposal and the value in use. The main assumptions used to assess the recoverable amounts are as follows:

CGU	Discount rate	Perpetual growth rate
France	8.3%	2.0%
Germany	8.3%	2.8%
Italy	8.3%	—%
Hungary	9.9%	3.0%
United Kingdom	9.3%	—%

The discount rate has increased compared to last year due to the combination of rising interest rates and current market-specific risks reflected by the industry beta.

Impairment test results

The results of this assessment displayed the following impacts:

- For France, the impairment of Property, Plant and Equipment amounting €68.3 million is triggered mainly by macro-economic change resulting in the discount rate increase (8.3% in 2023 to be compared to 7.1% in 2022).
- For Germany (Frankfurt site), the revised cash flow projections reflecting (i) the restructuring envisaged to stop two workshops will infer material drop in sales due to the discontinuation of certain low margin APIs (e.g. Metamizole) and (ii) the decrease in sales to Sanofi across all APIs triggered an impairment of €51.9 million.
- For UK, the net impairment is triggered by the sharp decrease of the Sanofi demand for Sevelamer whereas limited additional volumes will come from other clients. The amount of PPE and intangible assets impairment reach €57.6 million.
- For Italy (Brindisi site), the impairment of €48.6 million is triggered by the discontinuation of Spiramycin and expected underactivity on other manufacturing lines while CDMO business will contribute marginally to the site performance.

The recoverable amounts determined as part of the impairment have been subject to sensitivity testing, on discount rates, perpetual growth rate and EBITDA of 50-basis-point:

(in € millions)

CGU	Increase of discount rate +0.5%	Decrease of discount rate -0.5%	Increase of Perpetual growth rate +0.5%	Decrease of Perpetual growth rate -0.5%	Increase of EBITDA rate +0.5%	Decrease of EBITDA rate -0.5%
France	(53,4)	+62,8	+43,7	(37,3)	+25,0	(25,0)
Germany	(30,0)	+37,3	+29,1	(23,5)	+15,1	(15,1)
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0

The change in the key assumptions does not impact impairment losses in UK and Italy site since the non-current assets of these CGU are fully impaired. The sensitivity analyses for Hungary do not result in a recoverable amount lower than the carrying amount of the CGU.

5.6 Other non-current assets

The amount of €9.0 million as of December 31, 2023 corresponds mainly to :

- a €4.0 million receivable in respect of the indemnity provided by Sanofi against environmental liabilities arising on non-operational sites. This item is presented in Note 10.6.
- a €2.6 million receivable of cash compensation for forfeited shares related to Sanofi performance share plan (see Note 5.11.5)

5.7 Inventories

ACCOUNTING PRINCIPLE

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using weighted average cost or the first in, first out (FIFO) method.

The cost of inventories mainly comprises: the purchase cost of materials used in the manufacture of products; direct and indirect labor costs; depreciation charged during the period against production lines used to manufacture inventories; other expenses such as the operating costs of the industrial facilities where inventories are manufactured; and other costs incurred to bring inventories to their present location and condition.

EUROAPI assesses inventory levels relative to sales at each reporting date. Production and inventory levels of active ingredients manufactured to meet contractual obligations under supply contracts entered into by EUROAPI are calibrated to meet the needs of the customer. When items produced for a customer cannot be sold or reallocated for alternative commercial use, an allowance for their destruction is recognized. At each reporting date, EUROAPI applies impairment criteria that take account of inventory turnover, obsolescence, net realizable value, and non-compliant production outputs. Decisions on impairment allowances are made for each product identified as being within one of those categories.

Inventories are measured at the lower of cost and net realizable value. Chemical raw materials and work in process are only written down by reference to the recoverable amount of the corresponding finished products, in accordance with paragraph 32 of IAS 2. However, they may also be written down if they are intended for a single customer which terminates its supply contract or decides to suspend manufacture of the product. Raw materials and in-process active ingredients are subject to a lesser risk of becoming time-expired than pharmaceutical products, which are subject to fixed use-by dates. At the end of the manufacturing process, finished products are checked for compliance with quality standards appropriate for their intended use, and with customer specifications. At that stage, the only inventories that can be written down are batches that have failed compliance checks and cannot be returned to production. The recoverable amount of finished products that have cleared compliance checks is measured in accordance with paragraph 9 of IAS 2 at each reporting date by reference to market or contract price, and an impairment allowance is recognized if said price is lower than the carrying amount of the inventories in the statement of financial position.

Consequently, EUROAPI may make adjustments to the carrying amount of inventories in the statement of financial position to allow for excess, obsolete or slow-moving inventories in line with changes in customer demand; stricter quality requirements arising from technological or regulatory developments; or other economic factors.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

If net realizable value is less than the carrying amount recognized in the statement of financial position, an impairment allowance is recognized to cover the difference, applying the principles described above.

(in € millions)	December 31, 2023			December 31, 2022		
	Gross value	Allowances	Carrying amount	Gross value	Allowances	Carrying amount
Raw materials	104.6	(3.7)	100.9	104.0	(2.1)	102.0
Work in progress	334.0	(7.7)	326.3	303.2	(18.5)	284.8
Finished goods	238.4	(20.8)	217.6	219.6	(11.7)	208.0
Total	**677.0**	**(32.2)**	**644.8**	**626.9**	**(32.2)**	**594.7**

The increase in inventory levels over the period is explained notably by the impact of inflation and sales phasing.

5.8 Trade receivables

ACCOUNTING PRINCIPLE

Trade receivables are recognized and measured at face value minus allowances for non-recoverable amounts, in accordance with IFRS 9, as described in Note 2 “Financial instruments”.

Impairment is based on the simplified approach provided under the standard. Expected credit losses are calculated based on lifetime losses, using the Group’s historical credit loss experience and forward-looking projections.

Impairment losses on trade receivables are recognized within “Commercial and distribution expenses” in the income statement.

Trade receivables break down as follows:

(in € millions)	December 31, 2023	December 31, 2022
Gross value	220.3	265.8
Allowances	(4.1)	(1.6)
Carrying amount	**216.3**	**264.2**

(in € millions)	December 31, 2023	December 31, 2022
Trade receivables - third parties	127.3	114.6
Trade receivables - related parties	89.0	149.6
Carrying amount	**216.3**	**264.2**

The table below shows the aging profile of overdue trade receivables, based on gross value:

(in € millions)	Not due - gross value	<1 month past due	1 to 3 months past due	3 to 6 months past due	6 to 12 months past due	> 12 months past due	Total past due - gross value
December 31, 2023	**197.5**	**12.9**	**4.0**	**1.3**	**1.9**	**2.8**	**22.9**
December 31, 2022	233.1	9.9	9.2	7.7	5.3	0.6	32.7

5.9 Other current assets

Other current assets comprise:

(in € millions)	December 31, 2023	December 31, 2022
Customer contract assets[(a)]	0.6	6.4
Tax receivables[(b)]	50.2	45.7
Other receivables[(c)]	17.2	30.0
Prepaid expenses	7.2	3.3
Other current financial assets[(d)]	8.4	4.8
Total	**83.7**	**90.3**

(a) See Note 5.10.

(b) In 2023, this caption includes €40.7 million in VAT receivables. In 2022, it includes €42.7 million in VAT receivables.

(c) In 2023, this caption includes mainly €6.3 million in receivables in respect of indemnities provided by Sanofi resulting from various agreements signed in 2021 (see Note 10.2) and €10.4 million in grants receivable in France and Italy. As of December 31, 2022, receivables in respect of indemnities provided by Sanofi amounted to €13.2 million (mainly operating excellence costs, profit-sharing costs and incentive scheme).

(d) This caption mainly comprises the current portion of the indemnity provided by Sanofi (€7.8 million in 2023 against €3.3 million in 2022) against environmental liabilities arising on non-operating sites (see Note 10.2).

5.10 Customer contract assets and liabilities

ACCOUNTING PRINCIPLE

EUROAPI recognizes customer contract assets and liabilities in accordance with IFRS 15.

Customer contract assets comprise costs incurred in the pre-production phase and also capitalized and unbilled receivables representing performance obligations satisfied but not yet billed, for which an unconditional right to consideration can be demonstrated.

Customer contract liabilities represent upfront payments made by EUROAPI customers under technology and development service contracts (CDMO contracts) to finance the initial operations necessary for the fulfillment of contractual obligations. Such payments are advance payments for future services rendered, and are recognized as revenue with the same pattern as the delivery of the services.

Customer contract assets and liabilities arise mainly on certain CDMO contracts with EUROAPI's partners:

(in € millions)	December 31, 2023	December 31, 2022
Customer contract assets [(a)]	0.6	6.4
Customer contract liabilities [(b)]	16.3	6.6

(a) Customer contract assets amount to €0.6 million as of December 31, 2023 and comprise costs incurred in the pre-production phase and capitalized at this date, mainly on CDMO contracts in United Kingdom for Catalent. The variation compared to 2022 is due to a reclassification of a €5.3 million of contract asset in inventory work in progress regarding projects revenue recognition on completion (most in Hungary and in Germany).

(b) Customer contract liabilities amount to €16.3 million as of December 31, 2023 and represent upfront payments made by EUROAPI customers under technology and development service contracts (CDMO contracts) to finance the initial operations necessary for the fulfillment of contractual obligations. These are advance payments for future services, and are recognized as revenue as and when the related services are delivered. The amount is mainly due to CDMO contracts in Germany for €10.3 million.The increase in contract liabilities reflects the increase of number of projects as well strengthening of the credit management policy related to CDMO client.

5.11 Equity

Total equity stood at €927.7 million as of December 31, 2023.

5.11.1 Share capital and share premium

By decision of June 5, 2023, the Board of Directors carried out a capital increase resulting from the definitive allocation of free shares to its employees for a total amount of €504,196.

As of December 31, 2023, EUROAPI's share capital amounted to €95.1 million and the share premium stood at €1,861.8 million.

The table below shows movements in the share capital of EUROAPI for all of the periods presented:

	Number of shares	% of share capital for the period
December 31, 2023	**95,053,684**	**100**
December 31, 2022	94,549,488	100

The par value of each share is equal to €1.

5.11.2 Treasury shares

ACCOUNTING PRINCIPLE

All treasury shares held by the Group are deducted from equity. Any gain arising on the disposal of treasury shares is recognized immediately as equity, such that disposal gains or losses do not impact net income for the fiscal year.

At December 31, 2023, the totality of shares owned by EUROAPI are held under the liquidity agreement.

Purchases and sales in EUROAPI shares under the liquidity agreement in 2023 were as follows:

	2023
Number of shares purchased during the year	1,407,849
Number of shares sold during the year	1,208,256

At December 31, 2023, EUROAPI held 215.590 treasury shares representing 0.22% of the share capital.

5.11.3 Number of shares used to calculate earnings per share

ACCOUNTING PRINCIPLE

Earnings per share is calculated by dividing net income for the period attributable to ordinary shareholders by the weighted average number of shares outstanding, excluding treasury shares.

Diluted earnings per share is calculated by dividing net income for the period attributable to ordinary shareholders by the weighted average number of shares outstanding, excluding treasury shares, adjusted to reflect the dilutive effects of any share-based payments.

(in millions)	December 31, 2023	December 31, 2022
Average number of shares outstanding	94.2	93.7
Adjustment for share-based payments with dilutive effect	1.7	1.3
Average number of shares used to compute diluted earnings per share	95.9	**95.0**

Earnings per share and diluted earnings per share as of December 31, 2023 are presented in the consolidated income statement.

5.11.4 Currency translation differences

Cumulative currency translation differences amounted to a positive €6.6 million as of December 31, 2023, mainly in Hungary for a negative €3.1 million and the United Kingdom for a positive €11.0 million.

5.11.5 Share-based payments

ACCOUNTING PRINCIPLE

Share-based payments are accounted for in accordance with IFRS 2. Share-based payment expense is recognized as a component of operating income, in the relevant expense category as classified by function. In measuring the expense, the expected level of attainment of any performance conditions is taken into account.

The new plans implemented by the Group during the period are equity-settled plans and have been valued by an independent expert. The valuation model complies with the basic assumptions of the Monte-Carlo and Black-Scholes models, adapted to the specific features of the plans concerned. The IFRS 2 expense was recognized within administrative and general expenses in the consolidated income statement.

Sanofi performance share plans

Under the plan rules, employees transferred to EUROAPI forfeited any unvested shares at the initial listing date on a pro rata basis.

Under the terms of the Master Carve Out Agreement signed in 2021, employees are compensated in cash by EUROAPI for forfeited shares, the cost of which is reinvoiced to Sanofi:

- the cash compensation is equivalent to the number of forfeited shares multiplied by the average opening share price of Sanofi shares over the 20 days prior to the initial listing date;
- the cash compensation will be paid at the end of the vesting period, subject to the employee's continued service with the EUROAPI Group at that date. Compensation for forfeited shares has been estimated at €2.6 million for the remaining 2021 performance share plan (including payroll costs) and is recognized in the consolidated income statement over the remaining vesting period in accordance with IFRS 2 (a €2.0 million expense was recognized in 2022 and €1.1 million in 2023 against payroll liability). As regards reinvoicing to Sanofi, a €2.6 million receivable was recognized as of December 31, 2023.
- The cash compensation for the 2020 Sanofi performance share plan was settled in May 2023 and reinvoiced to Sanofi.

2022 EUROAPI free share plans

On June 3, 2022, EUROAPI's Board of Directors approved free share plans for all employees and certain executives and managers (the Employee free share plan and the Special Management Incentive share plan) in the context of the listing on Euronext. These plans are subject to a service condition.

On May 30, 2022 and June 3, 2022, EUROAPI's Board of Directors approved free share plans for key executives and the Chief Executive Officer (Executive Committee matching performance share plan and CEO matching performance share plan) in the context of the listing on Euronext. These plans are subject to performance and service conditions (see section 2.3 of the Universal Registration Document 2022).

In accordance with IFRS 2, an expense equivalent to the fair value of the plans is recognized in profit or loss on a straight-line basis over the vesting period, with a contra-entry to equity. The total amount expensed during the period represented €5.6 million (including payroll taxes).

2022 EUROAPI performance share and stock option plans

On June 3, 2022 EUROAPI's Board of Directors approved the implementation of a long-term incentive plan for the Group's key executives and managers, including the Chief Executive Officer, through free share and stock option plans subject to performance and service conditions. In accordance with IFRS 2, an expense equivalent to the fair value of the plans is recognized in profit or loss on a straight-line basis over the vesting period, with a contra-entry to equity. Considering the last estimate of performance and service assumptions, a reversal of €0.6 million has been booked during the period.

2023 EUROAPI performance share and stock option plans

On June 5, 2023 EUROAPI's Board of Directors approved the implementation of a long-term incentive plan for the Group's key executives and managers, including the Chief Executive Officer, through free share and stock option plans subject to performance and service conditions. In accordance with IFRS 2, an expense equivalent to the fair value of the plans is recognized in profit or loss on a straight-line basis over the vesting period, with a contra-entry to equity. The total amount expensed during the period represented €0.5 million (including payroll taxes).

2023 EUROAPI free share plans

During the first half of 2023, the Board of Directors carried out a capital increase resulting from the definitive allocation of free shares to its employees (see Note 5.11.1).

The principal features of the plans granted are set out below:

	Employee free share plan	Special Management Incentive share plan	Executive Committee matching performance share plan [c]	CEO matching performance share plan	Performance share plan 2022[d]	Stock option plan 2022	Performance share plan 2023 [e]	Stock option plan 2023
Date granted by the Board	June 3, 2022	June 3, 2022	May 30, 2022	June 3, 2022	June 3, 2022	June 3, 2022	June 5, 2023	June 5, 2023
Total number of shares or options granted *(in thousands)*	474.1	122.3	461.2	181.2	216.3	327.1	357.9	405.4
Vesting period	2 years	2 years	3 years	3 years	3 years	4 years	3 years	1 to 4 years
Exercise period	NA	NA	NA	NA	NA	June 3, 2026 to June 3, 2031	NA	June 5, 2024 to June 3, 2032
Exercise price	NA	NA	NA	NA	NA	13.91	NA	10.30
Shares or options delivered or canceled	55,2	28,1	146,9	181,2	37,5	103,5	38,0	90,0
Outstanding shares or options at December 31, 2023	418.9	94.2	314.3	—	178.8	223.6	319.9	315.4
Share price at grant date in euros [a]	14.20	14.20	13.45	14.20	14.20	14.20	10.18	10.18
Fair value per share or option in euros [b]	14.06	14.06	13.18	13.92	13.99	4.51	10.02	3.25

(a) Quoted market price per share at the grant date.

(b) Weighting between fair value determined using the Monte Carlo model and the market price of EUROAPI shares at the grant date, adjusted for expected dividends during the vesting period.

(c) The Executive Committee matching share plan was approved by the Board of Directors on May 30, 2022, based on principles similar to the CEO matching performance share plan as described in the Listing Prospectus with regards to internal performance and external conditions. These include internal performance conditions for 75% of the grant (growth in revenue, Core EBITDA margin and inventory coverage, each representing 25% of the grant) and a Total Shareholder Return (TSR) condition versus a panel of companies and an index, for 25%.

(d) The 2022 performance share plan is subject to internal performance conditions (growth in revenue, core EBITDA margin and inventory coverage).

(e) The 2023 performance share plan is subject to internal performance conditions (growth in revenue, core EBITDA margin and ESG indicators).

The total amount of share-based payments recognized as an expense in the consolidated income statement amounted to €7.9 million (including payroll taxes).

5.12 Lease liabilities

ACCOUNTING PRINCIPLE

As explained in Note 5.3, under IFRS 16 “Leases”, a contract or part of a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

EUROAPI recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments not yet paid at the commencement date. The discount rate used is the interest rate implicit in the lease or, if that cannot be readily determined, the lessee’s incremental borrowing rate (based on the lease term, not maturities). The EUROAPI Group generally uses the latter rate as a discount rate; it corresponds to the risk-free rate for the currency in which the lease is denominated, plus an uplift for credit risk over the duration of the payments.

Subsequently, the lease liability is increased to reflect interest on the liability and reduced by the amount of the lease payments made.

It is remeasured if future lease payments are modified following changes in an index or rate, or if the Group reassesses whether to exercise an option to purchase or a termination option.

Lease liabilities comprise:

(in € millions)	December 31, 2023	December 31, 2022
Non-current lease liabilities	15.5	16.2
Current lease liabilities	4.5	4.5
Total lease liabilities	**20.1**	**20.7**

Total cash outflows on leases (excluding annual lease expense on short-term leases and low-value assets) amounted to €7.3 million for the 12-month period ended December 31, 2023 (of which €7.0 million in repayments of lease liabilities and €0.3 million in interest).

A maturity analysis of lease liabilities as of December 31, 2023 is presented below:

		Future minimum lease payments			
(in € millions)	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Total lease liabilities as of December 31, 2023	**20.1**	**4.5**	**6.3**	**3.4**	**5.7**
Total lease liabilities as of December 31, 2022	20.7	4.5	7.2	3.5	5.5

5.13 Non-current provisions

ACCOUNTING PRINCIPLE

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, EUROAPI records a provision when it has a present obligation, whether legal or constructive, as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the outflow of resources. Provisions are measured at the present value of the costs necessary to meet the obligation. If part of the obligation may be met through compensation from a third party, such compensation is recognized as a separate asset if it is certain to be received.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of an uncertain future event outside the control of the EUROAPI Group. A contingent liability that does not lead to a probable outflow of resources, or the amount of which cannot be reliably measured, is disclosed in the notes to the consolidated financial statements, unless the probability of an outflow of resources is remote.

EUROAPI estimates provisions on the basis of events and circumstances related to present obligations and of past experience of similar situations, and to the best of management’s knowledge.

The table below shows movements in non-current provisions:

(in € millions)	Provisions for environmental risks [a]	Provisions for pensions and other post-employment benefits	Provisions for other long-term benefits [b]	Other provisions [c]	Total
Balance at December 31, 2022	**32.8**	**61.6**	**22.7**	**29.9**	**146.9**
Additions to provisions	1.8	3.1	8.4	1.1	14.4
Reversals of provisions (utilizations)	—	(1.0)	(1.6)	(0.2)	(2.9)
Reversals of surplus provisions	—	(1.0)	—	(4.5)	(5.4)
Transfers [d]	(4.8)	(0.6)	1.9	(1.0)	(4.5)
Net interest related to employee benefits, and unwinding of discount	(0.8)	2.3	0.5	0.8	2.9
Currency translation differences	0.2	0.1	—	—	0.3
Actuarial gains and losses on defined-benefit plans	—	7.0	—	—	7.0
Balance at December 31, 2023	**29.3**	**71.4**	**31.8**	**26.1**	**158.6**

(a) The non-current portion of the provision for environmental risk amounts to €29.3 million as of December 31, 2023, mainly concerning France and Germany. The current portion of the provision for environmental risk amounts to €12.8 million and is presented in Note 5.13.1.

(b) The €31.8 million in this aggregate is composed of seniority bonuses for €15 million (o/w €9.3 million in France and €4.8 million in Germany) and €16.7 million of long-term provision for vacation in France.

(c) This item mainly comprises restoration provisions for leased buildings in Germany (€24.9 million). This provision was subject to a €4.2 million reversal during the period, recorded against right-of-use assets in accordance with IAS 37 (see Note 5.3).

(d) Mainly related to the reclassifications of the current part of provision in other current liabilities.

5.13.1 Provision for environmental risks

ACCOUNTING PRINCIPLE

For environmental risks, EUROAPI recognizes a provision where there is a legal or constructive obligation to remediate harm to human health or the environment resulting from contamination at a site, and the cost can be reliably measured. The amount of the provision is a best estimate of future expenditures on environmental remediation plans, based on the costs that EUROAPI believes it will have to incur over an average period not exceeding (other than in exceptional circumstances) ten years.

Sites identified as exposed to environmental risks are permanently monitored. Existing provisions are judged to be adequate based on available information. However, given the uncertainties as to the amount and timing of future expenditures and regulatory changes, provisions for environmental risks may require significant adjustment in future periods.

Provisions for environmental liabilities are recognized in “Cost of sales” if the provision relates to operational sites, and in “Other operating expenses” if the provision relates to non-operational sites.

Where the effect of the time value of money is material, provisions are measured at the present value of the outflow of resources expected to be required to settle the obligation, calculated using a discount rate that reflects an estimate of the time value of money and the risks specific to the obligation.

Increases in provisions to reflect the effects of the passage of time are recognized within “Financial income/expense”.

The table below shows movements in provisions for environmental risks classified in current and non-current liabilities:

(in € millions)	December 31, 2023	December 31, 2022
Balance at beginning of period	**45.4**	**52.7**
Of which:		—
· *Classified in non-current liabilities*	*32.8*	*47.8*
· *Classified in current liabilities*	*12.6*	*4.9*
Additions to provisions	1.8	6.5
Reversals of provisions (utilizations)	(3.5)	(5.2)
Reversals of surplus provisions	(1.1)	(0.1)
Unwinding of discount	(0.8)	(8.1)
Currency translation differences	0.2	(0.5)
Balance at end of period	**42.1**	**45.4**
Of which :		
· *Classified in non-current liabilities*	*29.3*	*32.8*
· *Classified in current liabilities*	*12.8*	*12.6*

5.13.2 Provisions for pensions and other post-employment benefits

ACCOUNTING PRINCIPLE

Pension plans and other post-employment benefits (and their respective portions of plan liabilities and assets, interest and service cost) have been accounted for on the basis of an actuarial valuation of the rights vested or currently vesting in EUROAPI employees and retirees, using the projected unit credit method in accordance with IAS 19 “Employee Benefits”.

Benefits are provided in the form of either defined contribution plans or defined benefit plans.

In the case of defined contribution plans, the cost is recognized immediately in the period in which it is incurred, and equates to the amount of the contributions paid by EUROAPI.

For defined benefit plans, EUROAPI recognizes its obligations to pay pensions and similar benefits to employees as a liability, based on an actuarial estimate of the rights vested or currently vesting in employees, using the projected unit credit method. Estimates are performed at the end of each reporting period, and are based on financial assumptions (such as discount rates and the rate of salary increases) and demographic assumptions (such as life expectancy, retirement age, employee turnover).

In the case of multi-employer defined benefit plans where plan assets cannot be allocated to each participating employer with sufficient reliability, the plan is accounted for as a defined contribution plan, in accordance with paragraph 34 of IAS 19.

Obligations relating to other post-employment benefits (healthcare and life insurance) offered by to EUROAPI employees are also recognized as a liability based on an actuarial estimate of the rights vested or currently vesting in EUROAPI employees at the end of the reporting period.

Employee benefit obligations are recognized net of the fair value of plan assets.

The benefit cost for the period consists primarily of current service cost, past service cost, net interest cost, gains or losses arising from plan settlements not specified in the terms of the plan, and actuarial gains or losses arising from plan curtailments. Net interest cost for the period is determined by applying the discount rate specified in IAS 19 to the net liability (i.e., the amount of the obligation, net of plan assets) recognized in respect of defined benefit plans. Past service cost is recognized immediately in profit or loss in the period in which it is incurred, regardless of whether or not the rights have vested at the time of adoption (in the case of a new plan) or of amendment (in the case of an existing plan).

Actuarial gains and losses on defined benefit plans (pensions and other post-employment benefits), also referred to as "Remeasurements of the net defined benefit liability (asset)", arise as a result of changes in financial and demographic assumptions, experience adjustments, and the difference between the actual return and interest cost on plan assets. The impacts of those remeasurements are recognized in “Other comprehensive income”, net of deferred taxes; they may not subsequently be reclassified to profit or loss.

EUROAPI offers its employees pension plans and other post-employment benefits. The specific features of the plans (benefit formulas, fund investment policy and fund assets held) vary depending on the applicable laws and regulations in each country.

Pension obligations in the two principal countries represented approximately 95.4% of the total value of the defined-benefit obligation as of December 31, 2023. The principles of the main defined benefit plans in those two countries are described below:

France

Lump-sum retirement benefit plans

All EUROAPI employees working in France are entitled, under plans historically offered by Sanofi, to a lump-sum payment on retirement. The amount of that payment depends both on their length of service within the company and on the rights guaranteed by collective and internal agreements. The employee’s final salary is used in calculating the amount of these lump-sum retirement benefits. These plans are mandatory in France.

Supplementary pension plan

A few EUROAPI employees working in France are entitled, under the plan historically offered by Sanofi, to a supplementary pension plan that was terminated in 2019, with rights frozen as of December 31, 2019. Rights no longer accrue under the plan after December 31, 2019 and the vesting of a beneficiary's rights remains subject to the service criterion provided for by the plan. The plan is fully funded through an insurance contract which will be used to pay annuities when the beneficiaries retire.

Germany

Top-up defined benefit pension plans

The benefits offered under this pension plan are wholly unfunded (there are no employee contributions and no Contractual Trust Agreement (CTA) as a financing vehicle). The benefits are based on monthly portions. Employees are entitled to receive an annuity under this plan if their salary exceeds the social security ceiling. The amount of the pension is calculated by fictious contributions between 12% and 15% of the portion of the salary that exceeds the social security ceiling, and is converted to an annuity by a factor of 20%. The plan also includes disability and death benefits, and represents approximately 27% of the total obligations in Germany.

Sanofi-Aventis plus (SAV plus)

This is a top-up plan that replaces the previous top-up defined-benefit plan. New entrants joining the plan on or after April 1, 2015 contribute fictious amounts to an unfunded account granting fixed and variable interest that is revised every three years. All employees whose salary exceeds the social security ceiling are automatically covered by the plan. The employer's contribution is 15% of the amount by which the employee's salary exceeds the social security ceiling.

Multi-employer plan (Pensionskasse)

This is a defined benefit plan treated as a defined-contribution plan, in accordance with the accounting policies described in this note. Currently, contributions cover the level of annuities. Only the portion relating to the future revaluation of the annuities is included in the defined benefit pension obligation. The obligation relating to this revaluation increased from €19.5 million to €24.3 million in 2023 due mainly to the change in discount rate.

Actuarial assumptions used to measure EUROAPI's pension obligation

An actuarial valuation of the obligation was performed with the assistance of independent actuaries as of December 31, 2023. The calculations were based on the following financial and demographic assumptions:

	2023		2022	
	France	Germany	France	Germany
Discount rate [(a)/(b)]	3.15%	3.10% to 3.15%	3.72%	3.45% to 3.85%
General inflation rate [(c)]	2.10%	2.10%	2.20%	2.20%
Retirement benefit indexation	3.20%	2.85%	3.20%	2.95%
Retirement age	63 to 67	63	62 to 67	63
Mortality table	TGH-THF 05	Heubeck RT 2018 G	INSEE 2016-2018	Heubeck RT 2018 G

(a) The discount rates used were based on market rates for high quality corporate bonds with a duration close to that of the expected benefit payments under the plans. The benchmarks used to determine discount rates were the same for all periods presented.

(b) The rate depends on the duration of the plan.

(c) Inflation for the eurozone is determined using a multi-criterion method.

Sensitivity analysis

The table below shows the sensitivity of the EUROAPI Group's obligations for pensions and other post-employment benefits to changes in key actuarial assumptions as of December 31, 2023:

(in € millions)		Pensions and other post-employment benefits, by principal country - 2023			
Measurement of defined benefit obligation	Change in assumption	France	Germany	Hungary	Italy
Value of defined benefit obligation		**19.5**	**49.1**	**3.0**	**0.4**
Discount rate	-0.5%	20.5	54.1	3.1	0.5
General inflation rate	+0.5%	19.3	57.6	3.0	0.4
Pension benefit indexation	+0.5%	19.3	57.5	3.0	0.4
Mortality table	+ 1 an	19.3	49.1	3.0	0.4

The sensitivity of the EUROAPI Group's obligations for pensions and other post-employment benefits to changes in key actuarial assumptions as of December 31, 2022 was as follows:

(in € millions)		Pensions and other post-employment benefits, by principal country - 2022			
Measurement of defined benefit obligation	**Change in assumption**	**France**	**Germany**	**Hungary**	**Italy**
Value of defined benefit obligation		**19.5**	**41.2**	**2.2**	**0.5**
Discount rate	-0.5%	20.5	45.3	2.3	0.5
General inflation rate	+0.5%	19.5	47.5	2.3	0.5
Pension benefit indexation	+0.5%	19.5	47.5	2.2	0.5
Mortality table	+ 1 an	19.5	41.5	2.2	0.5

The table below reconciles the net obligation in respect of EUROAPI's pension and other post-employment benefit plans with the amounts recognized in the consolidated financial statements:

	Pensions and other post-employment benefits	
(in € millions)	**2023**	**2022**
Measurement of the obligation:		
Beginning of period	63.4	90.8
Service cost	3.1	5.0
Interest cost	2.3	1.0
Actuarial losses/(gains) due to changes in financial assumptions	6.9	(34.7)
Actuarial losses/(gains) due to experience adjustments	0.1	(1.6)
Plan amendments, curtailments or settlements not specified in the terms of the plan	(1.0)	(0.3)
Benefits paid	(1.0)	(1.1)
Transfers	(1.9)	4.6
Currency translation differences	0.1	(0.3)
Obligation at end of period	**72.0**	**63.4**
Fair value of plan assets:		
Beginning of period	1.9	0.0
Transfers	(1.3)	1.9
Currency translation differences	0.0	0.0
Fair value of plan assets at end of period	**0.6**	**1.9**
Net amount shown in the balance sheet		
Net obligation	71.4	61.6
Effect of asset ceiling	0.0	0.0
Net amount shown in the balance sheet at end of period	**71.4**	**61.6**

The table below shows the net obligation in respect of pension plans and other post-employment benefits by geographical region as of December 31, 2023:

(in € millions)	Pensions and other post-employment benefits by geographical region				
December 31, 2023	**France**	**Germany**	**Hungary**	**Italy**	**Total**
Measurement of obligation	19.5	49.1	3.0	0.4	72.0
Fair value of plan assets	0.6	0.0	0.0	0.0	0.6
Net amount shown in the balance sheet at end of period	**18.9**	**49.1**	**3.0**	**0.4**	**71.4**

The net obligation by geographical region presented as of December 31, 2022 was as follows:

(in € millions)	Pensions and other post-employment benefits by geographical region				
December 31, 2022	**France**	**Germany**	**Hungary**	**Italy**	**Total**
Measurement of obligation	19.5	41.2	2.2	0.5	63.4
Fair value of plan assets	1.9	0.0	0.0	0.0	1.9
Net amount shown in the balance sheet at end of period	**17.6**	**41.2**	**2.2**	**0.5**	**61.6**

The table below shows the service cost for EUROAPI's pension and other post-employment benefit plans, by geographical region as of December 31, 2023:

(in € millions)	Pensions and other post-employment benefits by geographical region				
Service cost for 2023	**France**	**Germany**	**Hungary**	**Other**	**Total**
Current service cost	1.5	1.9	(0.3)	0.0	3.1
Net interest cost/(income) including administration costs and taxes paid during the period	0.6	1.6	0.2	0.0	2.3
(Gains)/losses related to plan amendments, curtailments or settlements not specified in the terms of the plan	(1.0)	0.0	0.0	0.0	(1.0)
Expense/(gain) recognized directly in profit or loss	**1.1**	**3.5**	**(0.2)**	**0.0**	**4.4**

The service cost split by geographical region as of December 31, 2022 was as follows:

(in € millions)	Pensions and other post-employment benefits by geographical region				
Service cost for 2022	**France**	**Germany**	**Hungary**	**Other**	**Total**
Current service cost	1.9	3.0	0.2	0.0	5.0
Net interest cost/(income) including administration costs and taxes paid during the period	0.2	0.7	0.1	0.0	1.0
(Gains)/losses related to plan amendments, curtailments or settlements not specified in the terms of the plan	(0.3)	0.0	0.0	0.0	(0.3)
Expense/(gain) recognized directly in profit or loss	**1.8**	**3.6**	**0.3**	**0.0**	**5.7**

The estimated amounts of employer's contributions to plan assets are as follows:

(in € millions)	**France**	**Germany**	**Hungary**	**Other**	**Total**
Employer's contributions (estimate)					
2024	0.0	0.5	0.2	0.1	0.8

The table below shows the expected timing of benefit payments under pension and other post-employment benefit plans for the next ten years:

(in € millions)	**France**	**Germany**	**Hungary**	**Other**	**Total**
Estimated benefit payments					
2024	0.2	0.5	0.2	0.1	0.9
2025	0.2	0.9	0.1	0.0	1.2
2026	0.2	1.4	0.2	0.0	1.8
2027	0.5	1.3	0.3	0.0	2.2
2028	0.5	0.0	0.2	0.0	0.7
2029 to 2033	8.7	4.3	1.7	0.2	14.9

5.13.3 Restructuring provisions

ACCOUNTING PRINCIPLE

Restructuring provisions are recognized on the date the obligation arises, i.e., when the EUROAPI Group (i) has a detailed, formal restructuring plan and (ii) has raised a valid expectation in those affected that it will carry out the restructuring.

The table below shows movements in restructuring provisions classified in current and non-current liabilities:

(in € millions)	December 31, 2023	December 31, 2022
Balance at beginning of period	**4.0**	**2.7**
Of which:		
· *Classified in non-current liabilities*	—	*0.2*
· *Classified in current liabilities*	*4.0*	*2.5*
Change in provisions recognized in profit or loss for the period	(0.9)	2.9
Provisions utilized	(1.7)	(1.6)
Currency translation differences	—	—
Balance at end of period	**1.4**	**4.0**
Of which :		
· *Classified in non-current liabilities*	—	—
· *Classified in current liabilities*	*1.4*	*4.0*

The timing of future reversals of provisions as of December 31, 2023 is as follows:

At December 31, 2023		**Benefit payments by period**			
(in € millions)	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Total provisions	**1.4**	**1.4**	**—**	**—**	**—**
Germany	1.3	1.3	—	—	—
United Kingdom	0.1	0.1	—	—	—

5.14 Trade payables

ACCOUNTING PRINCIPLE

Accounts payable are measured at fair value (which equates to face value) on initial recognition, and subsequently at amortized cost.

Trade payables break down as follows:

(in € millions)	December 31, 2023	December 31, 2022
Trade payables - third parties	129.0	183.1
Trade payables - related parties	30.6	36.6
Carrying amount	**159.6**	**219.6**

The decrease of Trade payables is explained by purchases phasing and better processing of invoices.

5.15 Other current liabilities

Other current liabilities break down as follows:

(in € millions)	December 31, 2023	December 31, 2022
Customer contract liabilities [(a)]	16.3	6.6
Current income tax liabilities	0.3	11.7
Taxes payable, other than corporate income taxes	1.9	9.7
Employee-related liabilities	52.0	60.3
Provisions [(b)]	17.2	24.8
Amounts payable for acquisitions of non-current assets [(c)]	41.9	9.1
Other current liabilities	9.8	10.0
Total	**139.3**	**132.2**

(a) See Note 5.10.

(b) As of December 31, 2023, provisions amounted to €17.2 million, and mainly comprised the current portion of environmental provisions (€11.6 million) and restructuring provisions (€1.4 million).

As of December 31, 2022, provisions amounted to €24.8 million, breaking down between the current portions of environmental provisions (€12.6 million), restructuring provisions (€4 million) and other provisions (€8.2 million). In the 2022 consolidated financial statements, the current portion of restructuring provisions was presented on a separate line and the balance of current provisions was included in "Other current liabilities".

(c) The increase is linked to the phasing of the investments within the year.

5.16 Derivative financial instruments

As explained in Note 2 "Financial instruments", currency derivative instruments used by EUROAPI are not designated as hedges for hedge accounting. They are recorded in other current assets and liabilities in the statement of financial position.

The table below shows the fair value of derivative instruments as of December 31, 2023:

(in € millions)	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities	Market value at December 31, 2023 (net)	Market value at December 31, 2022 (net)
Currency derivatives								
Operating	—	0.2	0.2	—	0.1	0.1	0.1	0.4
Financial	—	—	—	—	0.1	0.1	(0.1)	0.1
Total	**—**	**0.2**	**0.2**	**—**	**0.2**	**0.2**	**—**	**0.5**

Currency derivatives used to manage operating risk exposures

The table below shows operating currency hedging instruments in place as of December 31, 2023. The notional amount is translated into euros at the relevant closing exchange rate:

December 31, 2023 *(in € millions)*	Notional amount	Mark-to-market
Forward currency sales	27.7	0.2
Of which USD	*24.2*	*0.2*
Of which GBP	*3.5*	—
Forward currency purchases	12.5	(0.1)
Of which GBP	*3.5*	—
Of which HUF	*9.0*	*(0.1)*
Total	**40.1**	**0.1**

Currency derivatives used to manage financial exposure

The cash pooling arrangements for foreign subsidiaries outside the eurozone, and some of EUROAPI's financing activities, expose EUROAPI SA (holding company) to financial foreign exchange risk (i.e., the risk of changes in the value of loans and borrowings denominated in a currency other than the functional currency of the lender or borrower).

The table below shows financial currency hedging instruments in place as of December 31, 2023. The notional amount is translated into euros at the relevant closing exchange rate:

December 31, 2023 *(in € million)*	**Notional amount**	**Mark-to-market**
Forward currency sales	7.4	(0.1)
Of which USD	*0.9*	—
Of which GBP	*4.0*	—
Of which JPY	*2.5*	*(0.1)*
Forward currency purchases	11.3	—
Of which USD	*0.9*	—
Of which HUF	*10.4*	—
Total	**18.7**	**(0.1)**

5.17 Debt, cash and cash equivalents

ACCOUNTING PRINCIPLE

Cash and cash equivalents as shown in the statement of financial position and statement of cash flows comprise cash, plus liquid short-term investments that are readily convertible into cash and are subject to an insignificant risk of changes in value in the event of movements in interest rates.

The components of cash and cash equivalents shown in the statement of financial position and statement of cash flows reflect the cash held by the EUROAPI Group, which had no cash equivalents as of December 31, 2023.

Changes in financial position during the period were as follows:

(in € millions)	**December 31, 2023**	**December 31, 2022**
Long-term debt	—	—
Short-term debt and current portion of long-term debt	205.4	100.1
Interest rate and currency derivative used to manage debt	0.1	(0.1)
Total debt	**205.4**	**100.1**
Cash and cash equivalents	**(34.5)**	**(74.5)**
Net debt/(Net cash)[(a)]	**171.0**	**25.6**

(a) Net debt does not include lease liabilities, which amounted to €20.1 million as of December 31, 2023 and €20.7 million as of December 31, 2022.

The table below shows an analysis of net debt by type:

	December 31, 2023			**December 31, 2022**		
(in € millions)	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Bond issues	—	—	—	—	—	—
Other borrowings	—	205.4	205.4	—	100.1	100.1
Bank credit balances	—	—	—	—	—	—
Interest rate and currency derivative used to manage debt	—	0.1	0.1	—	(0.1)	(0.1)
Total debt	**—**	**205.4**	**205.4**	**—**	**100.1**	**100.1**
Cash and cash equivalents	**—**	**(34.5)**	**(34.5)**	**—**	**(74.5)**	**(74.5)**
Net debt/(Net cash)	**—**	**171.0**	**171.0**	**—**	**25.6**	**25.6**

Cash and cash equivalents include overnight investment facility (liquid short-term investments) amounting to €10.6 million as of December 31, 2023.

Net debt includes an amount of €205.0 million drawn under the RCF Loan Agreement (including accrued interests), recorded in other borrowings (see Note 9).

The table below shows net debt by interest rate:

(in € millions)		Current	Non-current				
	Total	**2024**	**2025**	**2026**	**2027**	**2028**	**2029 and later**
Floating-rate debt	205.4	205.4	—	—	—	—	—
of which EUR	*205.4*	*205.4*					
% floating-rate	**100%**						
Debt	**205.4**	**205.4**	**—**	**—**	**—**	**—**	**—**
Cash and cash equivalents	34.5	34.5	—	—	—	—	—
of which EUR	*20.3*	*20.3*					
of which USD	*8.2*	*8.2*					
of which HUF	*2.2*	*2.2*					
of which GBP	*1.0*	*1.0*					
of which JPY	*2.5*	*2.5*					
of which CNY	*0.2*	*0.2*					
of which RUB	*0.1*	*0.1*					
% floating-rate	100 %						
Net debt/(Net cash)	**(171.0)**	**(171.0)**	**—**	**—**	**—**	**—**	**—**

Interest and fees

The applicable margin varies depending on the ratio of consolidated net debt to consolidated Core EBITDA as defined in the RCF Loan Agreement (excluding the effects of IFRS 16). The applicable margin level is reviewed every six months.

Note 6. Notes to the income statements

6.1 Net sales and other revenues

ACCOUNTING PRINCIPLE

EUROAPI derives a substantial proportion of its revenues from the supply of manufactured or distributed active pharmaceutical ingredients, in particular via its API Solutions business; it also derives revenues (albeit to a lesser extent) from the contract manufacturing of active pharmaceutical ingredients, which involves supplying certain third-party customers with high added value industrial services under CDMO contracts.

Revenue from sales of manufactured or distributed active pharmaceutical ingredients

The bulk of EUROAPI's revenue derives from sales of manufactured or distributed active pharmaceutical ingredients. Sales are presented within "Net sales" in the income statement in an amount that reflects the consideration received in exchange for satisfying performance obligations, when it is highly probable that there will be no revenue reversal. Revenue is recognized when the API product promised under the contract is delivered to the customer.

EUROAPI does not recognize sales returns for any reason other than non-compliance, supported by analyses carried out by the customer on receipt of the product. Products declared as non-compliant by customers are not returned to inventories and recognized in the statement of financial position unless the active ingredients returned can be reprocessed and ultimately resold.

Volume-based incentives are estimated on the basis of firm customer orders.

Revenue from CDMO

EUROAPI also supplies high added value industrial services under service contracts. Those services include formulation, galenic and analytical development, quality control, regulatory support, and product life cycle management.

Financial consideration received from those activities are recognized as revenue, once the performance obligations defined at contract inception are satisfied (i.e., when control over the goods and services promised under the contract is transferred to the customer). At the inception of each contract, management determines what goods and services are promised under the contract, and the pattern of transfer to the customer. Revenue from CDMO is recognized on milestones achieved when they are distinct performance obligations in the contacts. Where control is transferred over time, management determines a method for measuring the progress towards transfer, which may be based on inputs (such as costs incurred) or on outputs (by reference to units produced or shipped). If it is not possible to measure progress reliably, EUROAPI recognizes revenue equal to the amount of costs incurred and rebillable to the customer. If a contract is for the supply of active pharmaceutical ingredients, the sale is recognized when the products are physically delivered. Where a contract includes a "stand-ready" performance obligation, EUROAPI recognizes the associated revenue on a straight-line basis over the total duration of the contract.

If a contract includes a significant financing component due to the payment terms exceeding 12 months, that component is taken into account when determining the transaction price and reflected in the amount of revenue recognized. Accordingly, a financial expense is recognized where EUROAPI receives financing, and financial income where EUROAPI grants financing.

Recognizing revenue from contracts with customers in accordance with the IFRS 15 revenue recognition model may require management assumptions and judgments, mainly relating to:

- measurement of progress towards meeting a performance obligation in contracts where the obligation is transferred to the customer over time, and determination of the amount of revenue to be recognized;
- determination of the duration of the contract and transaction price in cases where the contract allows the customer an extension option or an option to acquire additional goods or services, and the assessment, measurement and recognition of such option rights where material; and
- determination of the quantities specified in the contract, where the contract includes variable or optional quantities.

Advance payments received in respect of industrial services contracts

Payments received from customers in the pre-production phase that represent future revenues are recognized within "Other current liabilities"; they are then released to profit or loss once performance of the contract starts, following the same pattern as for the transfer of performance obligations to the customer in line with the approach described above in the "Revenue from the supply of industrial services" section.

Customer contract assets and liabilities are presented in Note 5.10.

Other revenues

Other revenues include activities and services that are not EUROAPI core activities (i.e., not related to the manufacturing and/or distribution of APIs).

Net sales amounted to €1,013.2 million for the year ended December 31, 2023 (see Note 8.2).

Other revenue amounted to €5.7 million and included mainly:

- secondary packaging performed in Haverhill for certain Sanofi finished products;
- quality testing of Sanofi products in the United Kingdom (Brexit), also handled in Haverhill;
- incentive from Sanofi for €2.0 million on a contract related to the transfer of a product from Sanofi to EUROAPI plants.

6.2 Cost of sales

ACCOUNTING PRINCIPLE

Industrial services contract costs

Costs incurred on industrial services contracts with customers are recognized as an asset within "Other current assets" in the statement of financial position when they meet the IFRS 15 capitalization criteria for contract costs, i.e., when they (i) are directly attributable to the contract; (ii) generate resources that will be used in satisfying the performance obligation defined in the contract; and (iii) are recoverable but do not relate to satisfied performance obligations. Such costs essentially comprise expenditure incurred by EUROAPI in the pre-production phase that is necessary for bringing the industrial plant and manufacturing facilities into line with the customer's specifications, and for transferring the technology to the customer. These incurred costs, which are necessary for performing the contract but do not relate to satisfied performance obligations, are recognized in the EUROAPI statement of financial position.

Contract costs are systematically capitalized when they meet the criteria specified above. When production and performance of the service specified in the contract starts, the contract costs are taken to profit or loss within "Cost of sales" over the contract performance period, following the same pattern as for revenue recognition in line with the approach described above.

Cost of active pharmaceutical ingredients sold

Cost of sales mainly comprises the direct and indirect manufacturing costs of active ingredients sold by EUROAPI. The manufacturing cost of active ingredients sold includes (i) direct costs of materials and solvents used in the manufacturing process; (ii) depreciation expenses corresponding to the normal use of property, plant and equipment and software for manufacturing purposes; and (iii) personnel and other costs directly attributable to production and to site operation.

Capitalized contract costs recognized in profit or loss over the contract performance period

Costs incurred by EUROAPI in the pre-production phase of service and industrial development contracts with customers are capitalized when (i) they do not represent a performance obligation and (ii) they are necessary for fulfillment of the contract. Those costs are then taken to profit or loss within "Cost of sales" once the contract performance phase starts, following the same pattern as for the transfer of performance obligations to the customer and for recognizing the associated revenue.

6.3 Research and development expenses

ACCOUNTING PRINCIPLE

Research and development (R&D) expenses mainly comprise primary expenditures incurred by EUROAPI development platforms relating to in-house projects to develop new products and services or to improve existing products and services before they move into industrial operation.

Government grants relating to research and development projects are recognized in profit and loss to offset the corresponding cost incurred.

(in € millions)	December 31, 2023	December 31, 2022
Research and development	(29.6)	(21.8)
Total	**(29.6)**	**(21.8)**

In 2023, the total amount of research and development costs includes €3.6 million of research tax credit compared to €1.5 million in 2022.

6.4 Personnel costs

Total personnel costs (other than termination benefits, presented in Note 6.7) include the following items:

(in € millions)	December 31, 2023	December 31, 2022
Salaries	(201.6)	(187.0)
Social security charges and defined contribution plan [(a)]	(66.3)	(65.0)
Defined benefit plans, and voluntary and statutory profit-sharing schemes	(11.2)	(20.9)
Stock options and other share-based payment expense [(b)]	(7.9)	(12.9)
Other employee benefits	(16.5)	(14.0)
Total	**(303.6)**	**(299.8)**

(a) In 2023, defined-contribution plan expenses amounted to €6.5 million, versus €10.6 million in 2022.
(b) This amount includes payroll costs. See detail of EUROAPI share plans in Note 5.11.

6.5 Other operating income and expenses

ACCOUNTING PRINCIPLE

Other operating income and Other operating expenses mainly include realized and unrealized foreign exchange gains and losses on operating activities and gains and losses on disposals of non-financial assets.

Other operating income and expenses amounted to €(0.4) million in 2023, mainly due to foreign exchange losses on operating items, compared with €0.2 million in 2022.

6.6 Impairment of assets

In 2023, the total impact of impairment loss amounts €226.4 million. See detail in Note 5.5.

In 2022, €21.8 million impairment loss related entirely to the Brindisi site.

6.7. Restructuring costs and similar items

ACCOUNTING PRINCIPLE

Restructuring costs correspond to expenses incurred in connection with the transformation or reorganization of the EUROAPI Group's operations and support functions. These costs include collective redundancy plans, compensation awarded to third parties for the early termination of contracts, commitments made in connection with transformation and reorganization decisions, and costs related to the temporary shutdown of sites or production lines associated with such programs.

They also include accelerated depreciation charges arising from closures of production facilities (including leased facilities), and losses on any resulting asset disposals.

In addition, restructuring costs and similar items comprise expenses incurred in connection with the Company's transformation plan announced in March 2023, which is intended to streamline and simplify processes and accelerate both the operational excellence strategy, and the CDMO roadmap.

Restructuring costs and similar items breaks down as follows:

(in € millions)	December 31, 2023	December 31, 2022
Employee-related expenses	—	(3.1)
Charges, gains or losses on assets	—	—
Transformation programs and other costs	(13.2)	(3.0)
Total	**(13.2)**	**(6.1)**

In 2023, transformation programs and other costs include internal and external expenses, related to the transformation plan described in Note 3.2.

In 2022 restructuring costs chiefly related to the Brindisi site in Italy, comprising employee-related expenses for €3.1 million and idle costs related to temporary shutdown of production lines impact for €2.9 million.

6.8 Other gains and losses, and litigation

ACCOUNTING PRINCIPLE

Provisions for litigation are presented within the relevant line item for the nature of the litigation. The impacts of litigation regarded as unusual in terms of its nature, history or amount are recognized within "Other gains and losses, and litigation".

No items were recorded within "Other gains and losses, and litigation" in 2023.

6.9 Financial income and expenses

An analysis of financial income and expenses is presented below:

(in € millions)	December 31, 2023	December 31, 2022
Cost of debt[(a)]	(7.9)	(1.3)
Interest income	0.8	0.1
Cost of net debt	**(7.1)**	**(1.2)**
Non-operating foreign exchange gains/(losses)	1.5	(1.3)
Borrowing costs capitalized on tangible & intangible assets	0.3	—
Unwinding of discounting of provisions [(b)]	(0.1)	8.1
Net interest cost related to employee benefits	(2.8)	(1.2)
Net interest expense on lease liabilities	(0.3)	(0.4)
Net financial income/(expense)	**(8.5)**	**4.0**
Of which financial expenses	**(10.9)**	**(4.2)**
Of which financial income	**2.5**	**8.2**

(a) The cost of debt comprises amortization of costs and interest on the RCF for €0.5 million.
(b) See detail in Note 5.13,

Note 7. Taxes

ACCOUNTING PRINCIPLE

Income tax receivables and liabilities are presented within the line items “Other non-current assets”, “Other current assets”, “Other non-current liabilities” and “Other current liabilities” in the EUROAPI statement of financial position.

Income taxes

Current tax for the period includes amounts expected to be payable on taxable income in the period together with any adjustments to taxes payable in respect of previous periods, and is determined based on the tax laws enacted or substantively enacted at the reporting date in the countries in which the Group operates and generates taxable income.

Deferred taxes and tax liabilities

Deferred tax is determined by identifying the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax for the period includes origination and reversal of temporary differences, remeasurements of deferred tax balances and adjustments in respect of prior periods.

Deferred tax assets are recognized for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which they can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority, on either the same taxable entity or on different taxable entities where there is an intention to settle the balances on a net basis.

Step-up of EUROAPI Hungary’s assets

As part of the carve out operation in 2021, Sanofi transferred the Hungarian business to EUROAPI Hungary. Sanofi applied for a favorable tax treatment upon this asset transfer, i.e., deferral of the capital gain taxation.

Symmetrically, EUROAPI maintained the historical value of the assets from a tax perspective. This treatment was maintained by Sanofi and EUROAPI until the exit from the Sanofi group in May 2022.

Upon filing their 2022 tax return in May 2023, Sanofi waived this favorable tax treatment and paid the corresponding capital gains tax.

As a result, and having received from Sanofi the necessary confirmations of capital gains tax payment, EUROAPI Hungary has performed a free step-up of the tax value of assets based on legal restructuring documentation and in the framework of the ownership change, leading to the recognition of a deferred tax asset in a net amount of €42 million as of December 31, 2023, considering tax results forecasts from 2024 to 2033 and tax rules applicable in Hungary.

French tax consolidation

Since January 1, 2023, EUROAPI SA has elected for the French tax consolidation regime, and is therefore the head of a French tax group comprising all the French EUROAPI subsidiaries. The Group’s other legal entities are not in a position to form a tax consolidation group in their respective jurisdictions.

International Tax Reform - Pillar Two Model Rules

Background

The OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting has established a two-pillar approach to address tax challenges arising from the digitalization of the global economy by (1) allocating profits to market jurisdictions ("Pillar One") and (2) ensuring multinational enterprises pay a minimum level of tax regardless of where the headquarters are located or the jurisdictions in which the company operates ("Pillar Two"). Pillar One targets multinational groups with annual global revenue exceeding €20 billion and a profit-to-revenue ratio of more than 10%; therefore, the Company does not expect to be subject to tax changes associated with Pillar One.

Pillar Two establishes a global minimum effective tax rate of 15% for multinational groups with annual global revenue exceeding €750 million. On December 15, 2022, EU Member States unanimously adopted a directive implementing the global minimum tax rules of Pillar Two requiring members to transpose the directive into their national laws by the end of 2023. On December 31, 2023, the Finance Act for 2024 was enacted in France, introducing a global minimum effective tax rate of 15%.

Accounting considerations

On May 12, 2023, the International Accounting Standards Board (the "IASB") issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 (the "Amendments"). The Amendments apply with immediate effect and introduce a mandatory temporary exception to the requirement to recognize and disclose deferred taxes arising from the implementation of the OECD's Pillar Two Model Rules. The Group has applied the exception under the IAS 12 amendment to recognizing and disclosing information about deferred tax assets and liabilities related to top-up income tax in preparing its 2023 consolidated financial statements.

The Company modeled the theoretical impact that Pillar Two would have in the 2023 financial statements as though the reform had already been enacted. Most of the EUROAPI entities have an ETR above the 15% minimum tax, with the notable exception of EUROAPI Hungary. The application of the Pillar Two model rules would have led to a theoretical top-up tax of less than €1 million in 2023. This impact would have primarily resulted from the difference between the 15% minimum tax rate and the domestic corporate tax rate in Hungary.

The table below shows the allocation of income tax expense between current and deferred taxes:

(in € millions)	December 31, 2023	December 31, 2022
Current taxes	(1.4)	(9.2)
Deferred taxes	54.4	(9.0)
Total	**53.0**	**(18.2)**
Income/(loss) before tax	**(242.8)**	**3.1**

The difference between the effective tax rate (on income before tax and investments accounted for using the equity method) and the standard corporate income tax rate applicable in France is explained as follows:

(in € millions)	December 31, 2023	December 31, 2022
Income before taxes	(242.8)	3.1
Standard tax rate applicable in France	25.83 %	25.83 %
Theoretical tax income/(expense)	**62.7**	**(0.8)**
Impact of permanent differences [(a)]	49.4	(5.0)
Research tax credit	1.0	0.6
Differences in tax rates	4.2	2.7
Impact of non-recognized deferred tax assets	(65.6)	(16.0)
Other	1.3	0.3
Effective tax income/(expense)	**53.0**	**(18.2)**

(a) This amount of permanent differences include inter alia the impact of (i) the revaluation of the tax value of the Hungarian assets, (iii) the share plans, (iv) prior year adjustments and (iv) several non deductible/taxable items such as energy subsidies, or attendance fees.

An analysis of the net deferred tax position is presented below:

(in € millions)	December 31, 2023	December 31, 2022
Deferred tax assets	79.2	29.6
Deferred tax liabilities	(1.6)	(6.3)
Net deferred tax asset/(liability)	**77.6**	**23.3**

The table below provides an analysis of the net deferred tax position by source:

(in € millions)	December 31, 2023	December 31, 2022
Deferred taxes on:		
Consolidation adjustments (intragroup margin in inventory)	0.1	(0.2)
Provisions for pensions and other employee benefits	5.2	13.4
Accrued expenses and provisions deductible at the time of payment	1.4	8.8
Temporary differences on PP&E and intangible assets	60.6	1.7
Tax losses available for carry-forward	8.4	2.8
Other	1.8	(3.2)
Net deferred tax asset/(liability)	**77.6**	**23.3**

As of December 31, 2023, unrecognized deferred tax assets amounted to €81.9 million, which mostly derives from the following items:

- The deferred tax assets in Italy, Germany and the UK (including those related to the net operating losses and those related to the asset impairment) have not been recognized, considering the perspectives of these legal entities in accordance with IAS 12 guidelines;
- The deferred tax asset resulting from the step up of the tax value of the assets in Hungary will partly convert into tax losses in the next coming years. Considering the Hungarian domestic tax legislation it is expected that a portion of this DTA would convert into tax losses which would expire before being used. Therefore, the deferred tax assets has been caped up to recoverable amount, leading to €8.5 million of unrecognized deferred tax assets.

The tax losses carried forward as of December 31, 2023, amounts to €120 million, mostly in France, Germany and Italy. Deferred taxes related to losses available for carryforward amounted to €8.4 million, including €8.3 million in France which are fully recognized, as the tax losses of the Euroapi French tax group should be fully used by 2028 according to tax results forecasts.

Note 8. Segment information

ACCOUNTING PRINCIPLE

Segment information is prepared on the basis of information communicated to the Chief Executive Officer (CEO). The CEO, who has been designated as the chief operating decision-maker (CODM) of EUROAPI in accordance with IFRS 8 "Operating Segments", makes decisions on EUROAPI's strategy and on the allocation of resources.

EUROAPI has identified a single operating segment that meets the IFRS 8 criteria.

Reporting a single segment is consistent with the EUROAPI Group's cross-functional structure and governance arrangements; it reflects the level at which strategic and operational decisions are made, budgetary planning and resource allocations carried out, and performance measured on the basis of information provided regularly to the CODM.

8.1 Segment results

EUROAPI measures the operating performance of its operating segment on the basis of "Core EBITDA", the key internal performance indicator monitored by the Group.

Core EBITDA is determined by adding the following items back to operating income or loss as determined under IFRS:

i. depreciation and amortization expense (see consolidated statement of cash flows);

ii. impairment losses charged against intangible assets and property, plant and equipment, net of reversals (see Note 5.5);

iii. restructuring costs and similar items (see Note 6.7);

iv. charges to provisions for environmental risks, net of reversals of unused provisions (see Note 5.13); and

v. any other amounts relating to other items regarded as unusual in nature or size, and not representative of the Group's current operating performance or related to the effects of acquisitions or disposals.

A reconciliation of "Core EBITDA" to "Operating income/(loss)" for the year ended December 31, 2023 is shown below:

(in € millions)	December 31, 2023	December 31, 2022
Operating income/(loss) (EBIT)	**(234.3)**	**(0.8)**
(+) Depreciation, amortization and impairment	302.9	94.5
Operating income/(loss) before depreciation, amortization and impairment (EBITDA)	**68.6**	**93.7**
(+) Restructuring costs and similar items excluding depreciation, amortization and impairment	12.3	6.1
(+) Increase in provisions for environmental risks, net of reversals of surplus provisions	0.8	6.3
(+) Other [(a)]	11.5	13.9
Core EBITDA	**93.1**	**120.0**

(a) "Other" for 2023 corresponds to the employee share plan, free share plans, forfeited share expenses and employee contribution in connection with the loss of control of the Sanofi group and the initial listing of EUROAPI shares on Euronext as detailed in Note 5.11.

8.2 Additional information

An analysis of net sales by category is provided below:

(In € million)	December 31, 2023	December 31, 2022
API Solutions	727.5	709.1
CDMO	285.8	267.5
Total net sales	**1,013.2**	**976.6**

An analysis of net sales by product type is provided below:

(in € millions)	December 31, 2023	December 31, 2022
Large molecules	76.5	98.4
Highly potent molecules	96.4	82.2
Biochemistry molecules derived from fermentation	184.1	148.3
Complex chemical synthesis molecules	656.2	647.7
Total net sales	**1,013.2**	**976.6**

The total net sales of €1,013.2 million excluding €472.5 million sales to Sanofi (mainly invoiced to several entities located in Europe), are breakdown by region as follows:

- €287.2 million sales to Europe of which €66.3 million to France;
- €86.3 million to North America;
- €79.3 million to Asia-Pacific;
- €87.9 million to the rest of the world.

An analysis of 2023 non-current assets by geographical region is breakdown as below:

	December 31, 2023						
(in € millions)	**Total EUROAPI**	**Europe**	*of which France*	*of which rest of Europe*	**North America**	**Asia-Pacific**	**Rest of the World**
Non-current assets, excluding DTA and other non-current assets :							
- property, plant and equipment owned	468.9	468.9	277.1	191.8	—	—	0.0
- property, plant and equipment Right of use	37.2	36.2	8.1	28.0	0.2	0.8	0.0
- Goodwill	4.6	4.6	—	4.6	—	—	0.0
- intangible assets	34.2	34.2	29.4	4.8	—	—	0.0

An analysis of 2022 non-current assets by geographical region is breakdown as below:

	December 31, 2022						
(in € millions)	**Total EUROAPI**	**Europe**	*of which France*	*of which rest of Europe*	**North America**	**Asia-Pacific**	**Rest of the World**
Non-current assets, excluding DTA and other non-current assets :							
- property, plant and equipment owned	597.1	597.0	308.2	288.9	—	—	0.0
- property, plant and equipment Right of use	42.2	41.3	6.4	34.8	0.1	0.9	0.0
- Goodwill	—	—	—	—	—	—	0.0
- intangible assets	28.7	28.7	25.6	3.1	—	—	0.0

Note 9. Risk exposure

9.1 Foreign exchange risk

The EUROAPI Group sells in over 80 countries. Group entities are exposed to foreign exchange risk when they enter into transactions in a currency other than their functional currency. Management of exposure to exchange rate fluctuations, including currency hedging policies, is centralized at the level of EUROAPI's finance teams (see Note 5.16).

The consolidated financial statements are presented in euros. The principal currencies other than the euro in which transactions are denominated are the US dollar (USD), Hungarian forint (HUF), pound sterling (GBP) and Japanese yen (JPY).

9.2 Interest rate risk

The only interest rate exposure is that linked to the use of the RCF, the remuneration of which depends on the level of leverage.

Loans borrowed under the RCF Loan Agreement will bear interest at a EURIBOR-indexed variable rate, plus an applicable margin.

The applicable margin level is reviewed every six months and was calculated for the first time on the basis of the financial statements at December 31, 2022. The margin varies within a range of 0.35% and 1.10% as a function of the covenant defined in Note 9.3.

9.3 Liquidity risk

EUROAPI had the following arrangement in place as of December 31, 2023 to manage its liquidity in connection with ordinary operations:

- an RCF Loan Agreement for €451 million, drawable in euros, maturing February 26, 2027.

The purpose of the RCF Loan Agreement is to finance the Group's general corporate purposes and acquisitions. It is governed by French law and the Company has had the option to make drawdowns under this agreement since the Company's notification to the Lenders of the initial listing of the Company's shares on the regulated market of Euronext Paris. As a general rule, drawdowns are not subject to prior authorization from the Lenders but are subject only to the absence of an early repayment event and the accuracy of the customary representations. Only drawdowns intended to finance large cap acquisitions are subject to the prior agreement of a two-thirds majority of the Lenders.

The RCF Loan Agreement contains certain affirmative and negative commitments, subject to the usual exceptions for this type of financing, including:

- the commitment not to divest, each year, more than 15% of consolidated assets (or, if this amount is greater, assets in an amount greater than €200 million);
- the commitment not to make large-cap acquisitions funded in whole or in part by the RCF Loan Agreement without the prior approval of the lenders;
- the commitment not to create certain security interests (pledges);
- the commitment not to enter into any merger, spin-off or regrouping transaction that would result in the dissolution of the Company;
- the commitment by the Company's subsidiaries not to incur debt in an aggregate amount exceeding 20% of the Group's consolidated debt; and
- the commitment not to grant loans to third parties or enter into transactions involving derivatives of a speculative nature.
- a covenant tested every six months stipulating that the ratio of total net debt to consolidated core EBITDA may not exceed 4.00. Total net debt being defined as the consolidated financial debt less available cash and cash equivalent investments and the consolidated Core EBITDA as disclosed in the financial report of the Group for the relevant testing date adjusted by disapplying IFRS 16. The ratio is respected and stands at 1.98 as of December 31, 2023.

It also provides for, inter alia, an event of repayment and/or early cancellation in the event of a change in control of the Company at the request of any lender after a conciliation period of at least 60 days. A change of control would occur in the event that (i) Sanofi ceases to hold, directly or indirectly, on a fully diluted basis, at least 15% of the capital and voting rights of the Company and ceases to hold, directly or indirectly, the right to appoint or dismiss a member of the Board of Directors of the Company, (ii) any person (other than Sanofi) or group of persons acting in concert (unless Sanofi would hold a majority share in such a group), would acquire more than 50% of the voting rights of the Company or (iii) all or a substantial portion of the Group's assets would be sold to a non-Group member (in one or more transactions).

The EUROAPI Group has set up an internal cash pooling arrangement between the parent company and its subsidiaries to centralize the Group's liquidity.

9.4 Customer credit risk

The Group monitors all customer risks (see Note 5.8).

To this end, all customer creations are checked by the credit management department with a financial information tool. The financial assessment of the customer is carried out at least once a year for infrequent customers, and three to four times a year for regular customers, to ensure their financial soundness.

Note 10. Other information

10.1 Subsequent events

EUROAPI and Sanofi have executed on February 28, 2024 a memorandum of understanding providing for inventory compensation for a specific intermediate, a compensation mechanism under the price volume corridor at site level for substantial market demand decrease of volumes of one API for 2024, some incentives for manufacturing and technology transfer of some specific APIs and intermediates, a lump sum payment for a capacity extension project and some support services by Company in case of discontinuation of certain APIs by Company.

10.2 Off-balance sheet commitments

Off-balance sheet commitments linked to the Master Carve Out Agreement

In connection with the Preliminary Reorganization Transactions, EUROAPI and Sanofi signed a Master Carve Out Agreement effective October 1, 2021, setting out the general principles and arrangements for transferring the assets and liabilities associated with EUROAPI's activities. This agreement was amended on February 25, 2022.

These agreements set certain limitations on liabilities in respect of the transferred activities and the related assets and liabilities, and certain indemnity undertakings, that impact EUROAPI's consolidated financial statements for the year ended December 31, 2023.

The indemnities granted by Sanofi under the Master Carve Out Agreement are described below.

Certain non-transferred environmental liabilities retained by Sanofi

Sanofi retains the remediation obligation relating to the "Marat" parcel of land situated close to the Vertolaye site in France; only the freehold of that parcel of land was transferred as of October 1, 2021, with the transfer of the operating license contingent on Sanofi completing the remediation work. That undertaking is valid until the earlier of (i) completion of the principal remediation measures as required and attested by the competent authorities, and (ii) the date on which administrative responsibility for the environmental situation at the "Marat" parcel of land is transferred to the EUROAPI Group.

The legal remediation obligation retained by Sanofi, and reflected in the historical financial statements in an amount of €14.6 million, was therefore not transferred to EUROAPI.

Certain regulatory compliance expenditures relating to certain EUROAPI active pharmaceutical ingredients

Sanofi agreed to indemnify EUROAPI with effect from October 1, 2021 for certain expenditures to be incurred in order to achieve regulatory compliance. The indemnity is capped at €15.0 million, and relates to the costs of the "State of the Art" regulatory review of certain active pharmaceutical ingredients as agreed between the parties that fall within the scope of the activities transferred to EUROAPI. That undertaking is valid up to and including September 30, 2025, and constitutes an off balance sheet commitment received by EUROAPI.

In 2023, €5.0 million in "State of the Art" expenses were incurred and reinvoiced to Sanofi.

The remaining off-balance sheet commitment received from Sanofi amounts to €7.4 million.

Certain undertakings in favor of BASF Agri production SAS (BASF)

Sanofi made an undertaking in the form of a €21 million guarantee to indemnify EUROAPI against any loss it may incur in respect of an obligation, under a carve out agreement between BASF and Sanofi dated February 13, 2004 (as amended, in particular by the tripartite agreement dated September 28, 2021) that was transferred to EUROAPI consecutively with the transfer of the Saint-Aubin-lès-Elbeuf site pursuant to the Preliminary Reorganization Transactions, to indemnify BASF for losses incurred as a result of environmental incidents.

This undertaking represents an off-balance sheet commitment received of €21 million as of December 31, 2023 (unchanged compared to December 31, 2022).

Environmental insurance contracted by Sanofi

In accordance with the undertakings made in the Master Carve Out Agreement, EUROAPI is covered by environmental insurance contracted by Sanofi for a 10-year period commencing October 1, 2021, providing coverage of up to €50 million for environmental liabilities not yet identified as of the transfer date and originating prior to implementation of the Preliminary Reorganization Transactions (or in some cases, prior to the EUROAPI initial public offering). The insurance is subject to the customary exclusions for environmental liability cover. The policy, the entire cost of which is borne by Sanofi, will be transferred to EUROAPI at the date of the initial public offering; provided by the controlling entity until completion of the transaction, it covers EUROAPI against public liability in respect of pollution and remediation.

This undertaking constitutes an off-balance sheet commitment received. In 2023, this insurance was not used by EUROAPI.

Brindisi Capex

Sanofi agreed to indemnify EUROAPI in an amount equal to any cost incurred in connection with capital expenditure at EUROAPI Italy's facilities located in Brindisi and pertaining to the repair of the sewage network (process, rainwater and cooling water sewage), provided that the indemnification obligation was (i) only due for the portion of Brindisi capital expenditure above €4 million, which is the amount already included in EUROAPI's Capital Expenditure Plan with respect to such work, and which shall remain borne by EUROAPI and duly evidenced to Sanofi, and (ii) limited to a cap of €4 million in the aggregate and for costs invoiced to or expensed by EUROAPI prior to December 31, 2025.

In 2023, no amount was paid by Sanofi to EUROAPI Italy under this agreement.

Off-balance sheet commitments linked to the Global Manufacturing and Supply Agreement

Consistent with their long-established relationship, EUROAPI and Sanofi entered into a Global Manufacturing and Supply Agreement on October 1, 2021 covering active pharmaceutical ingredients, intermediates and other substances, for a five-year term starting from the date of the EUROAPI initial public offering in 2022. The agreement provides for exclusivity of supply of certain active pharmaceutical ingredients, and specifies the pricing terms on which commercial transactions between Sanofi and EUROAPI will be conducted over the entire contractual term.

It contains two price adjustment clauses that generate off-balance sheet commitments:

- A €557.9 million commitment as of December 31, 2023, under the Price Volume Corridor clause: compensates one or the other party in the event of variances above or below specified target levels of revenue for a list of active pharmaceutical ingredients, as defined for an initial three-year period.

  In 2023 and 2022, no amounts were recognized in the consolidated income statement under this clause.

- A €246.0 million commitment as of December 31, 2023, under the Capacity Reservation clause: compensates EUROAPI for any failure by Sanofi to order the annual quantities reserved, for a specified list of active pharmaceutical ingredients.

  In 2023 and 2022, no amounts were recognized in the consolidated income statement under this clause.

Other off-balance sheet commitments

- The RCF Loan Agreement, drawable in euros, maturing on February 26, 2027, as described in Note 5.17:

At December 31, 2023 *(in € millions)*	Initial amount	Drawn amount	Net amount
RCF Loan	451.0	205.0	246.0

- EUROAPI has also received financial guarantees from banks for a total of €5.6 million and has given financial guarantees for €11.3 million.
- Off-balance sheet commitments relating to EUROAPI's operating activities (other than commitments arising from the agreements mentioned above) were as follows:

At December 31, 2023 *(in € millions)*	Total	Payments due by period Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Leases [a]	0.4	0.1	0.1	—	0.1
Irrevocable purchase commitments					
- given [b]	264.4	137.5	57.4	13.1	56.5
- received [c]	(91.1)	(91.1)	—	—	—
Total - net commitments given	**173.7**	**46.5**	**57.5**	**13.1**	**56.6**

(a) This line mainly comprises future lease payment commitments for low value assets and short term leases for which no lease liability was recognized in the statement of financial position as of December 31, 2023.
(b) Irrevocable purchase commitments comprise commitments to suppliers of property, plant and equipment (for €69.7 million) and firm commitments to purchase goods and services under materials supply contracts (for €194.7 million).
(c) This line mainly comprises firm commitments received to purchase goods and services.

10.3 Legal and arbitration proceedings

EUROAPI and other Group companies are involved in litigation, arbitration and other legal proceedings. These proceedings typically relate to commercial, employee-related and tax matters, and to waste disposal and pollution claims. Provisions related to legal and arbitration proceedings are recognized in accordance with the principles described in Note 5.13.

Assessing the risks involves a series of complex judgments about future events. Those assessments are based on estimates and assumptions that have been deemed reasonable by management. EUROAPI believes that the aggregate provisions recorded for the above matters are adequate based upon currently available information.

10.4 Number of employees

As of December 31, 2023, the Group had an average of 3,485 employees (excluding apprentices and rated professionalization contracts and including the corporate officer), breaking down as follows:

	December 31, 2023
France	1,212
Germany	801
Hungary	981
Italy	217
United Kingdom	235
United States	19
Japan	15
China	5
Total	**3,485**

10.5 Compensation of key executives

The table below breaks down by type the compensation of key executives (Board of Directors and Executive Committee members):

(in € millions)	December 31, 2023	December 31, 2022
Short-term benefits	7.6	8.8
Post-employment benefits	0.3	0.5
Termination benefits	3.4	
Share-based payment	-0.5	2.7
Total recognized in profit and loss [a]	**10.8**	**12.0**

(a) Including payroll taxes.

10.6 Related parties

ACCOUNTING PRINCIPLE

Transactions with Sanofi, which has exercised significant influence over EUROAPI since the IPO, or with its subsidiaries, are related party transactions. The detail of these operations is presented in the note below.

Key executives also constitute a related party for EUROAPI. The company did not enter into any transactions with them in 2023. Their compensation is detailed in Note 10.5.

The principal transactions between EUROAPI and Sanofi Group are:

- sales of active pharmaceutical ingredients to Sanofi for use in the production of medicines sold by Sanofi;
- purchases of active pharmaceutical ingredients produced by Sanofi and distributed by EUROAPI;
- purchases of opiate-based active ingredients manufactured by Sanofi at its Aramon site; and
- production and development services provided by Sanofi to EUROAPI, or by EUROAPI to Sanofi;
- transactions covered by the Master Carve Out Agreement.

(in € millions)	December 31, 2023	December 31, 2022
Net sales and other revenues [a]	478.1	474.6
Purchases and other expenses	(150.6)	(139.8)

(a) Price adjustment clauses were activated over the year, including raw material pass-through as defined in the Global Manufacturing and Supply Agreement with Sanofi In addition of the contractual mechanism embedded in the initial Manufacturing and Supply Agreement, the Company negotiated with Sanofi the cancellation of the performance clause from 2023 until the end of the Manufacturing and Supply Agreement and benefited from an additional incentive of € 12 million associated with performance obligations.

(in € millions)	December 31, 2023	December 31, 2022
Trade receivables (Note 5.8)	89.0	149.6
Trade payables (Note 5.14)	(30.6)	(36.6)
Other non-current assets (Note 5.6)[a]	6.6	13.4
Other current assets (Note 5.9)[b]	14.1	16.5

(a) This line comprises €4 million receivable in respect of the indemnity provided by Sanofi against environmental liabilities arising on non-operational sites (€9.6 million as of December, 2022) and €2.6 million receivable in respect of the long-term portion of cash compensation for Sanofi forfeited shares (€3,8 million as of December, 2022).

(b) in 2023, this line comprises €6.3 million receivable in respect of indemnities provided by Sanofi resulting from various agreements signed in 2021 (mainly operating excellence costs) and €7.8 million for the current portion of the indemnity provided by Sanofi against environmental liabilities arising on non-operational sites. In 2022 the amount comprises €13.2 million receivable in respect of indemnities provided by Sanofi and €3.3 million of current portion of the indemnity provided by Sanofi against environmental liabilities.

10.7 Audit fees

	Ernst & Young				BDO			
	2023		2022		2023		2022	
(in € millions)	Amount	%	Amount	%	Amount	%	Amount	%
Audit: statutory audit of separate and consolidated financial statements	0.9	88.5%	0.7	81.9 %	0.4	100%	0.3	87.1%
Services other than statutory audit	0.1	11.5%	0.1	18.1 %	0.0	0%	0.1	12.9%
Audit-related services	0.0		0.1	0.0 %	0.0		0.1	0%
Tax	0.0		0.0	0.0 %	0.0		0.0	0%
Other	0.1		0.1	0.0 %	0.0		0.0	0%
Total	**1.0**	**100%**	**0.8**	**100 %**	**0.4**	**100%**	**0.4**	**100%**

10.8 List of companies included in the scope of consolidation

Fully consolidated companies.

The subsidiaries controlled by EUROAPI and making up the Group's scope of consolidation as of December 31, 2023 are listed below by region:

Europe		Interest (%) at December 31, 2023	Interest (%) at December 31, 2022
EUROAPI	France	100	100
EUROAPI France SAS	France	100	100
EUROAPI H1	France	100	100
EUROAPI H2	France	100	100
EUROAPI H3	France	100	100
EUROAPI Italy S.r.l	Italy	100	100
FRANCOPIA	France	100	100
EUROAPI Hungary	Hungary	100	100
EUROAPI Germany	Germany	100	100
BIANO	Germany	100	—
EUROAPI UK Limited	United Kingdom	100	100

North America		Interest (%) at December 31, 2023	Interest (%) at December 31, 2022
EUROAPI US	United States	100	100

Asia		Interest (%) at December 31, 2023	Interest (%) at December 31, 2022
EUROAPI Japan G. K.	Japan	100	100
EUROAPI Shanghai	China	100	100

4.6.2 Statutory Auditors' report on the consolidated financial statements

Period from January 1 to December 31, 2023

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This Statutory Auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of the Statutory Auditors or the verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Annual General Meeting of Euroapi,

Opinion

In compliance with the engagement entrusted to us by decisions of the sole shareholder, we have audited the accompanying consolidated financial statements of Euroapi for the year ended 31 December 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1st, 2023 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Revenue recognition

See notes "6.1 Net sales and other revenue" and "5.10 Customer contract assets and liabilities" to the consolidated financial statements

Risk identified

As at 31 December, 2023, total net sales amount to €1,013,2 million. As indicated in note 6.1 of the notes to the consolidated financial statements, they include:

- revenue coming from sales of active pharmaceutical ingredients as part of its "API Solutions" business. Sales are recognized upon physical delivery of the products in an amount that considers the Company's best estimate of the contractual price adjustments clauses, in particular those included in multi-year agreements with the Sanofi group;
- revenue deriving from the contract manufacturing of active pharmaceutical ingredients which involves industrial services under "CDMO" contracts. Revenue is recognized (i) upon physical delivery of the products when the contract is for the supply of active pharmaceutical ingredients, (ii) upon milestones achievement when they are distinct performance obligations, and (iii) over time when control of goods and services is transferred to customers over time.

We deemed the recognition of revenue to be a key audit matter given (i) numerous contracts with customers including custom manufacturing agreements, and (ii) the use of judgements and estimates by Management.

Our response

Within the scope of our audit, we:

- gained an understanding of the internal control procedures relating to the revenue recognition process.
- for a sample of significant contracts:
  - assessed compliance with applicable accounting standards of the accounting treatment used;
  - analyzed Management's estimates and assumptions, in particular those related to determination of the level and pattern of recognition of revenue from CDMO contracts, based on the contractual terms and specific facts and circumstances;
- In particular, regarding contracts with the Sanofi group:
  - analyzed the accounting treatment of the contract amendments signed during the period,
  - tested, on a sample basis, the valuation of price adjustments clauses defined in certain contracts, based on the contractual terms and the latest communications between both parties;
- tested, on a sample basis, the accuracy of revenue recorded based on inspection of relevant documents (shipping documents, customer acceptance certificates, etc.) depending on the pattern of transfer of goods and services to customers .

Valuation of cash-generating units

See notes "5.5. Impairment of goodwill, property, plant and equipment, right-of-use assets and intangible assets" and "6.6. Impairment of assets" to the consolidated financial statements

Risk identified

As at December 31, 2023, the total net carrying amount of your Group's cash-generating units (CGUs) mainly includes (i) goodwill, property, plant and equipment, right-of use assets and intangible assets for €544.9 million, and (ii) inventories for €644.8 million.

As described in note 5.5 to the consolidated financial statements:

- Assets and CGUs are tested for impairment when there is an indication that they may have become impaired, and at least annually for goodwill,
- Recoverable amount of an asset or a CGU is the higher of (i) fair value less cost of disposal and (ii) value in use, and is generally determined by discounting cash flow projections for the assets being tested, in accordance with the methods described in note 5.5 to the consolidated financial statements.

The new strategic plan "FOCUS-27" triggered impairment testing on all CGUs as at 31 December 2023, leading your Group to recognize impairment losses of non-current assets for a total amount of €226.4 million.

We deemed valuation of CGUs to be a key audit matter because of the materiality of underlying assets in the consolidated financial statements, and Management's use of estimates and assumptions to determine their recoverable amount.

Our response

Our audit procedures notably consisted in, with the assistance of our valuation specialists:

- getting an understanding of processes and analyses performed by Management for the purpose of these valuations,
- assessing the compliance of the methodology implemented with IAS 36,
- reconciling the net asset values of the assets subject to impairment tests with the accounts and their allocation by CGU,
- verifying the arithmetic accuracy of the model used to determine the recoverable amounts,
- analyzing the main assumptions used to determine the recoverable amounts, in particular through:
  - inquires with Management and relevant executives,
  - reconciliation of cash flow projections with the strategic plan approved by your Board of Directors,
  - comparison with the data used for previous impairment tests as well as the historical performance of CGUs.
- analyzing discount rates and long-term growth rates used, considering our own calculation and available market data,
- performing sensitivity analyses on the main assumptions used,

Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' Group management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code *(Code de commerce)* is included in the Group management report, it being specified that, in accordance with Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of preparation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code *(Code monétaire et financier),* prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.
Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements

Furthermore, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF *(Autorité des marchés financiers)* agree with those on which we have performed our work.

Appointment of the Statutory Auditor

We were appointed as statutory auditor of Euroapi by decision of the sole shareholder dated 18 March 18 2022 for BDO Paris and 1 October 2021 for ERNST & YOUNG Audit.

As at 31 December 2023, BDO Paris was in the second year of total uninterrupted engagement and ERNST & YOUNG Audit was in the third year of total uninterrupted engagement (including two years since the securities of the Company were admitted to trading on a regulated market).

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As specified in Article L. 821-55 of the French Commercial Code *(Code de commerce),* our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes).* Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La Défense, April 4, 2024

The Statutory Auditors

French original signed by

BDO Paris	ERNST & YOUNG Audit
Eric Picarle	Pierre Chassagne

4.7 STATUTORY FINANCIAL STATEMENTS

4.7.1 2023 statutory financial statements

Balance sheet – Assets

(in € millions)	Notes	Gross	Depreciation, amortization and impairment	Net at Dec. 31, 2023	Net at Dec. 31, 2022
Concessions, patents, licenses, software, rights and other		0.3		0.3	0.3
Intangible assets		**0.3**		**0.3**	**0.3**
Property, plant and equipment					
Other equity investments		1,850.4	(683.8)	1,166.6	1,811.2
Other non-current financial assets		1.5	(0.3)	1.2	1.9
Non-current financial assets	**3.1 3.3**	**1,851.9**	**(684.1)**	**1,167.9**	**1,813.1**
TOTAL NON-CURRENT ASSETS		**1,852.2**	**(684.1)**	**1,168.1**	**1,813.4**
Trade receivables		8.0		8.0	3.6
Other receivables		293.0	(47.9)	245.1	169.9
Receivables	**3.2 3.3**	**301.0**	**(47.9)**	**253.2**	**173.5**
Cash and cash equivalents		12.9		12.9	41.1
TOTAL CURRENT ASSETS		**313.9**	**(47.9)**	**266.0**	**214.6**
Deferred debt issuance costs		1.4		1.4	1.9
Bond redemption premiums					
Unrealized foreign exchange losses		2.9		2.9	3.6
TOTAL ASSETS		**2,170.4**	**(731.9)**	**1,438.5**	**2,033.5**

Balance sheet – Equity and liabilities

(in € millions)	Notes	December 31, 2023	December 31, 2022
Share capital		95.1	94.5
Additional paid-in capital		1,861.9	1,862.4
Retained earnings		(51.6)	(5.1)
NET INCOME/(LOSS) FOR THE PERIOD		**(698.9)**	**(46.5)**
TOTAL SHAREHOLDERS' EQUITY	**3.4**	**1,206.5**	**1,905.3**
TOTAL OTHER EQUITY		**0**	**0**
Provisions for liabilities		2.9	3.6
Provisions for charges			
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES	**3.5**	**2.9**	**3.6**
Bank borrowings (2)		205.4	100.2
Other borrowings and financial liabilities (3)		17.2	13.8
Trade payables		3.2	6.2
Tax and employee-related liabilities		1.4	1.4
Other liabilities		0.4	1
LIABILITIES (1)	**3.6**	**227.5**	**122.6**
TOTAL LIABILITIES		**227.5**	**122.6**
Unrealized foreign exchange gains		1.6	2
TOTAL EQUITY AND LIABILITIES		**1,438.5**	**2,033.5**
(1) Of which, due in less than one year		*227.5*	*122.6*
(2) Of which short-term bank loans and overdrafts		*0.2*	*0*
(3) Of which current accounts with subsidiaries		*17*	*13.8*

Income statement

(in € millions)	Notes	December 31, 2023	December 31, 2022
Sales of services			0.6
Net sales		**0**	**0.6**
Operating subsidies			
Reversals of depreciation, amortization and provisions, expense transfers		0.1	0.5
Other income		0.3	0.8
TOTAL REVENUE (I)		**0.4**	**1.9**
Other purchases and external charges		(6.4)	(2.5)
Other taxes		(0.2)	(0.4)
Wages and salaries		(1.2)	(1)
Social security charges		(0.4)	(0.6)
Other expenses		(1)	(1.5)
TOTAL OPERATING EXPENSES (II)		**(9.3)**	**(6.0)**
NET OPERATING INCOME/(LOSS) (I-II)		**(8.9)**	**(4.1)**
Other interest income (1)		11.9	2.2
Reversals of provisions and impairment, expense transfers		3.7	2.1
Foreign exchange gains		2.4	13.3
Financial income	**4.1**	**17.9**	**17.6**
TOTAL FINANCIAL INCOME (V)		**17.9**	**17.6**
Depreciation, amortization, impairment and additions to provisions (2)		(695.6)	(42.9)
Interest and similar expense (2)		(11.9)	(6.1)
Foreign exchange losses		(2.6)	(11)
TOTAL FINANCIAL EXPENSES (VI)	**4.1**	**(710.2)**	**(60)**
NET FINANCIAL INCOME/(EXPENSE) (V-VI)	**4.1**	**(692.2)**	**(42.4)**
RECURRING INCOME/(LOSS) BEFORE TAX (I-II+III-IV+V-VI)		**(701.1)**	**(46.5)**
On corporate actions		0.3	0.1
TOTAL NON-RECURRING INCOME (VII)		**0.3**	**0.1**
On corporate actions		(0.8)	(0.1)
TOTAL NON-RECURRING EXPENSES (VIII)		**(0.8)**	**(0.1)**
NET NON-RECURRING INCOME/(EXPENSE) (VII-VIII)		**(0.5)**	**0**
Employee profit-sharing (IX)			
Income tax expense (X)	4.3	2.8	
TOTAL INCOME (I+III+V+VII)		**18.6**	**19.7**
TOTAL EXPENSES (II-IV+VI+VIII+IX+X)		**(717.5)**	**(66.2)**
NET INCOME/(LOSS)	**4.3**	**(698.9)**	**(46.5)**
(1) Of which incomes from related-party transactions	*4.2*	*11.2*	*2.1*
(2) Of which expenses from related-party transactions	*4.2*	*(697.5)*	*(5.8)*

Notes to the statutory financial statements at December 31, 2023

Note 1. Summary of significant accounting policies

The Company's corporate name is EUROAPI.

The balance sheet at December 31, 2023 (before appropriation of earnings), shows total assets of €1,438.5 million. The income statement, shows a loss of €698.9 million.

The financial statements cover the twelve-month period from January 1, 2023 to December 31, 2023.

The notes and tables below are an integral part of the annual financial statements.

Accounting policies

The financial statements for the year ended December 31, 2023 have been prepared in accordance with the provisions of the French Commercial Code *(Code de commerce),* notably articles L.123-12 to L.123-28, with rule no. 2014-03 of June 5, 2014 issued by the French accounting standard-setter *(Autorité des normes comptables* – ANC) as amended by rule no. 2015-06 of November 23, 2015 and all subsequent rules, and with the opinions issued by the French accounting advisory committee *(Comité de la réglementation comptable* – CRC).

The financial statements have been prepared and presented in accordance with the generally accepted rules applicable in this respect and in compliance with the principle of prudence and the underlying assumptions of going concern, consistency and the accrual basis of accounting.

Assets and liabilities are stated on a historical cost basis.

Only material information has been disclosed and all amounts are expressed in millions of euros, unless otherwise specified.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at (i) acquisition cost for assets purchased for consideration, (ii) production cost for assets produced by the Company, or (iii) fair value for assets acquired without consideration or in exchange for other assets.

Depreciation and amortization

Depreciation and amortization are calculated on a straight-line basis over the expected useful life of the assets.

Depreciation and amortization periods for inseparable assets correspond to their useful lives.

At the reporting date, the Company used available internal and external sources of information to assess whether there were any indications that its assets were materially impaired.

Whenever there is an indication of a loss in value, an impairment test is conducted by comparing the carrying amount of the asset to its present value. If the carrying amount exceeds present value, an impairment loss is recorded to reduce it to present value. However, when present value is not considered to be materially lower than the carrying amount, the latter is maintained in the balance sheet.

The recognition of an impairment loss modifies the future depreciable amount of the asset concerned.

Equity investments and other long-term investments

Investments in subsidiaries and associates are recognized at their cost or transfer value.

They are tested for impairment at each period-end, to verify that their carrying amount does not exceed value in use. Value in use is estimated based on several criteria including the investee's equity and its adjusted net asset value as estimated using the discounted cash flows method or based on observable inputs, when available (share price, expected sale price in the case of subsidiaries held for sale), or based on analyses performed by internal or external experts.

If an investment's value in use is less than its carrying amount, an impairment loss is recognized for the difference (with the exception of treasury shares recorded under long-term investments and held for cancellation). Additions to and reversals of impairment of investments in subsidiaries and associates are recognized in financial income and expense.

The value in use determined by the Group is generally equal to the present value of the future cash flows expected to be derived from the equity investments and based on the following:

- Cash flow projections are taken from the long-term plan prepared each year and reflect changes in volumes, prices, direct costs and investment in the period, determined based on contracts and activities and in line with past data and expected changes over the period covered by the long-term plan.
- This plan covers the year in progress and the next four years, with an extrapolation period of cash flow estimates. This period is representative of the average duration of the Group's long-term contract portfolio and its short-term activities.
- Terminal values are calculated based on discounted forecast flows for the last year of the long-term plan, after extrapolation. These flows are determined for each equity investment based on a perpetual growth rate mainly founded on long-term inflation.
- These terminal values are calculated based on discount rates and perpetual growth rates reflecting the country or the geographic area of the equity investment.
- A discount rate (weighted average cost of capital, WACC) is determined corresponding to the Consumer Healthcare index, equal to the risk-free rate plus a risk premium weighted for country-specific risks. A risk premium is included in the calculation of the weighted average cost of capital of entities located in countries outside the eurozone. The discount rates estimated by management for each equity investment therefore reflect current market assessments of the time value of money and the country-specific risks to which the equity investment is exposed, with the other risks reflected in the expected future cash flows from the assets. These rates are updated by an independent expert once a year.

Receivables

Receivables are stated at face value. An impairment loss is recognized when an asset's realizable value falls below its carrying amount.

Provisions

A provision is recognized for any present obligation to a third party arising from a past event that can be measured reliably and that corresponds to an identifiable risk.

Non-recurring income and expenses

Non-recurring income and expenses include one-off items that do not arise from the Company's ordinary activities.

Foreign currency transactions

Assets denominated in a foreign currency are translated using the exchange rate at the recognition date or, where applicable, the hedging rate if the hedge was arranged prior to their acquisition. Any expenses incurred in arranging hedges are also included in the acquisition cost.

Payables, receivables and cash and cash equivalents denominated in foreign currency are translated at the exchange rate in force at the end of the reporting period. Any resulting foreign exchange gains or losses are recorded in the balance sheet under unrealized foreign exchange gains and losses.

A provision for risks is set aside for the full amount of unrealized foreign exchange losses that are not offset, in accordance with the applicable regulations.

Derivative financial instruments

The Company uses derivative financial instruments to limit exposure to changes in exchange rates on commercial and financial transactions denominated in foreign currency.

Accordingly, the Company uses the following instruments to hedge against the risk of changes in exchange rates:

- spot and forward purchases/sales;
- interest rate swaps.

EUROAPI hedges its foreign exchange risk in full on highly probable trade receivables and payables denominated in foreign currency. The overall risk is hedged by entity and by currency. All hedges are held by the parent company, which transfers to the subsidiaries the impact of hedging transactions concerning them on a monthly basis.

EUROAPI also hedges its foreign exchange risk on financial transactions in full.

The Company does not use financial instruments for speculative purposes.

The Company applies ANC rule no. 2015-05 on forward financial instruments and hedging transactions, applicable since January 1, 2017. For risks that are not transferred to subsidiaries, income and expenses arising from these instruments are recognized in the income statement symmetrically with the income and expenses incurred on the underlying hedged items. In accordance with the applicable accounting standards, unrealized gains and losses on derivative instruments are recognized in the hedging reserve and are offset against foreign exchange gains or losses on the underlying hedged items.

Note 2. Significant events of the year

Strategic Review

The strategic review initiated by the company in October 2023 resulted in the launching of FOCUS-27, a comprehensive transformation program that will unlock profitable growth and increase returns through:

- a streamlined value-added API portfolio of its subsidiaries;
- a strengthened CDMO offer leveraging recognized capabilities and technology platforms of its subsidiaries;
- the rationalization of the industrial footprint;
- a leaner organization and more efficient ways of working.

The strategic review resulted in an impairment test of the value of the company's assets. At December 31, 2023, the following impairments were recorded:

- Equity investments impairments for a total net amount of €644.6 million;
- Current accounts impairments for a total net amount of €47.9 million.

Change in governance

On October 30, 2023, Karl Rotthier stepped down from his position as Chief Executive Officer, pursuant to the decision of the Board of Directors on October 25, 2023. The Board launched a search for a new Chief Executive Officer and appointed Viviane Monges, current Chair of the Board of Directors, as interim Chair and Chief Executive Officer until a permanent successor has been appointed.

EUROAPI will pay Karl Rotthier a severance package of €0.7 million, subject to the approval of a specific resolution by the Annual General Meeting of May 22, 2024.

The Board of Directors also decided to pay him a monthly non-compete indemnity over a six-month period, for a total amount of €0.3 million.

New tax consolidation group

On January 1, 2023, EUROAPI and its French subsidiaries formed a tax consolidation group, as provided for by Articles 223 A to 223 U of the French Tax Code (*Code général des impôts*).

Share capital

On June 3, 2022, the Board of Directors of EUROAPI approved free share plans for all employees and certain managers and executives in connection with the Company's listing on Euronext, subject to a service condition.

On June 5, 2023, 504,196 free shares with a par value of €1 were definitively allocated to all the beneficiaries. The corresponding capital increase amounted to €504,196.

The Company's share capital amounted to €95.054 million at December 31, 2023.

Other non-current financial assets

On June 1, 2022, EUROAPI entered into a liquidity agreement to maintain an orderly market in EUROAPI shares. On October 20, 2023, €2.0 million was allocated to the liquidity account.

Purchases and sales under the liquidity agreement in 2023 were as follows:

- Acquisition of 1,407,849 shares for €15.3 million;
- Sale of 1,280,256 shares for €14.6 million.

At December 31, 2023, a total of 215,590 shares were held under the liquidity agreement, representing all of the treasury shares held by EUROAPI. The carrying amount of the shares was €1.2 million, including an unrealized capital loss of €0.3 million (determined at a price corresponding to the difference between the average acquisition price of the shares and the closing price at December 29, 2023). The net cash position under the liquidity agreement was €2.0 million at the reporting date.

Cash and cash equivalents

The Group has recourse to financing via an RCF loan set up on February 22, 2022, and optimizes its cash position via an overnight investment facility (short-term investment of cash surplus) set up in January 2023.

The characteristics of the RCF loan are as follows:

- Amount: €451 million;
- Maturity: 5 years;
- Expiration date: February 26, 2027;
- Repayment: at the end of each drawing period;

- Interest rate: Euribor for the period (depending on the duration of the drawdown) plus a margin (depending on the leverage rate);
- Interest payment: at the end of each drawing period.

During the year, €105 million of additional net drawings were made, bringing the total amount drawn down on this facility to 205 million euros at December 31, 2023.

The RCF Loan Agreement contains certain affirmative and negative commitments, subject to the usual exceptions for this type of financing, including:

- the commitment not to divest, each year, more than 15% of consolidated assets (or, if this amount is greater, assets in an amount greater than €200 million);
- the commitment not to make large-cap acquisitions funded in whole or in part by the RCF Loan Agreement without the prior approval of the lenders;
- the commitment not to create certain security interests (pledges);
- the commitment not to enter into any merger, spin-off or regrouping transaction that would result in the dissolution of the Company;
- the commitment by the Company's subsidiaries not to incur debt in an aggregate amount exceeding 20% of the Group's consolidated debt; and
- the commitment not to grant loans to third parties or enter into transactions involving derivatives of a speculative nature.
- a covenant tested every six months stipulating that the ratio of total net debt to consolidated core EBITDA may not exceed 4.00. Total net debt being defined as the consolidated financial debt less available cash and cash equivalent investments and the consolidated Core EBITDA as disclosed in the annual report of the Group for the financial year ending on the relevant testing date adjusted by disapplying IFRS 16. The ratio is respected and stands at 1.98 as of December 31, 2023.

It also provides for, inter alia, an event of repayment and/or early cancellation in the event of a change in control of the Company at the request of any lender after a conciliation period of at least 60 days. A change of control would occur in the event that (i) Sanofi ceases to hold, directly or indirectly, on a fully diluted basis, at least 15% of the capital and voting rights of the Company and ceases to hold, directly or indirectly, the right to appoint or dismiss a member of the Board of Directors of the Company, (ii) any person (other than Sanofi) or group of persons acting in concert (unless Sanofi would hold a majority share in such a group), would acquire more than 50% of the voting rights of the Company or (iii) all or a substantial portion of the Group's assets would be sold to a non-Group member (in one or more transactions).

At December 31, 2023, the balance of the overnight investment facility amounted to €10.6 million, generating interest income of €0.7 million.

Note 3. Notes to the balance sheet

3.1. Non-current financial assets

Changes in non-current financial assets in gross value

(in € millions)	Opening balance	Increase	Decrease	Closing balance
Other equity investments	1,850.4	0		1,850.4
Loans and other non-current financial assets	2		0.5	1.5
Non-current financial assets	**1,852.5**	**0**	**0.5**	**1,852**

Equity investments

At December 31, 2023, the gross amount of equity investments held by EUROAPI totaled €1,850.4 million.

Liquidity agreement

On June 1, 2022, EUROAPI entered into a liquidity agreement to maintain an orderly market in EUROAPI shares. On October 20, 2023, €2.0 million was allocated to the liquidity account.

Purchases and sales under the liquidity agreement in 2023 were as follows:

- Acquisition of 1,407,849 shares for €15.3 million;
- Sale of 1,280,256 shares for €14.6 million.

At December 31, 2023, a total of 215,590 shares were held under the liquidity agreement, representing all of the treasury shares held by EUROAPI. The carrying amount of the shares was €1.2 million, including an unrealized capital loss of €0.3 million (determined at a price corresponding to the difference between the average acquisition price of the shares and the closing price at December 29, 2023). The net cash position under the liquidity agreement was €2.0 million at the reporting date.

Subsidiaries and affiliates

Detailed information on each entity:

	Share capital	Equity (excluding share capital)	Interest held	Net income/ (loss) for the year	Book value of equity investments (gross)	Book value of equity investments (net)	Loans and advances	Guarantees granted [a]	Dividends received	Turnover (without VAT) for the year
EUROAPI UK LTD [b]	0.1	11.0	0	(46.4)	91.1	0.0	4.0			58.8
EUROAPI HUNGARY KFT [b]	2	680.3	0	(24.6)	758.9	568.8	(10.4)			200.6
EUROAPI US INC [b]	0	7.8	0	(0.1)	10.6	10.6	0.0			18.8
EUROAPI ITALY SRL	5	(27.7)	0	(61.7)	77.1	0.0	43.9	1.2		63.8
EUROAPI SHANGHAI LTD [b]	0	0.5	0	0.3	0	0	0			1
EURL FRANCOPIA	18.2	100.5	0	8.1	132.5	132.5	(3.8)			87.5
SAS EUROAPI France	146.1	216.4	0	(77)	426.4	359.3	173.8			359.2
EUROAPI GERMANY GMBH	1.0	61.3	0	(55.8)	339.3	80.9	60.1	0.2		267.2
EUROAPI JAPAN [b]	0.7	15.4	0	0.9	14.5	14.5	2.6			16.5
EUROAPI H1	0	0	0	0	0	0	0			0
EUROAPI H2	0	(0.3)	0	(0.3)	0	0	4.6			0
EUROAPI H3	0	0	0	0	0	0	0			0
TOTAL	**173.1**	**1,065.3**		**(256.6)**	**1,850.4**	**1,166.6**	**274.7**	**1.4**		**1,073.3**

(a) See note 5.6.
(b) Amounts converted at the closing rate of December 31, 2023 for countries out of the Eurozone.

The following table provides aggregate information on all subsidiaries and affiliates:

(in € millions)	Gross carrying amount	Net carrying amount	Loans and advances	Guarantees granted	Dividends received
Subsidiaries (more than 50%-owned)	1,850.4	1,166.6	274.7	1.4	

3.2 Current assets

Breakdown of receivables by maturity

At December 31, 2023, total gross receivables amounted to €301.0 million, breaking down as follows by maturity:

(in € millions)	Gross	Due in less than one year	Due in more than one year
Current receivables	**301**	**301**	
Trade receivables	8	8	
Accrued income			
Current accounts with subsidiaries (a)	293	293	

(a) In application of cash pooling agreements between EUROAPI and its subsidiaries.

3.3 Impairment of assets

(in € millions)	Opening balance	Increases	Decreases	Closing balance
Non-current financial assets	(39.3)	(644.8)	0.1	(684.1)
Receivables		(47.9)		(47.9)
Total	**(39.3)**	**(692.7)**	**0.1**	**(731.9)**

The strategic review initiated in October 2023 triggered an impairment test on the value of the assets of the Company. The impairment test was based on the strategic plan 2024-2027 with an extrapolation period of cash flow estimates.

The value in use was determined as the greater value between the fair value less cost of disposal and the value in use. The main assumptions used to assess the value in use are as follows:

CGU	Discount rate	Perpetual growth rate
France	8.3 %	2 %
Germany	8.3 %	2.8 %
Italy	8.3 %	— %
United Kingdom	9.3 %	— %
Hungary	9.9 %	3 %

The discount rate has increased compared to last year due to the combination of rising interest rates and current market-specific risks reflected by the industry beta.

Impairment test results

The results of this assessment carried out at the end of December 2023 present the following impact:

- For France, the impairment is triggered mainly by macro-economic change resulting in the discount rate increase (8.3% in 2023 to be compared to 7.1% in 2022);
- For Germany (Frankfurt site), the revised cash flow projections reflecting (i) the restructuring envisaged to stop two workshops will infer material drop in sales due to the discontinuation of certain low margin APIs (e.g. Metamizole) and (ii) the decrease in sales to Sanofi across all APIs triggered an impairment;
- For Italy (Brindisi site), the impairment is triggered by the discontinuation of Spiramycin and expected underactivity on other manufacturing lines while CDMO business will contribute marginally to the site performance;
- For UK, the net impairment is triggered by the sharp decrease of the Sanofi demand for Sevelamer whereas limited additional volumes will come from other clients;
- For Hungary (Budapest site), following the Prostaglandin issue the updated revenue trajectory on the Prostaglandin and the increase of the discount rate between 2022 and 2023 up to 9,9% leads to an impairment in 2023.

Equity investments impairment

The results of this assessment carried out at the end of December 2023 have led to the recognition of €644.6 million in net impairment losses against investments in the following subsidiaries:

(in € millions)	Opening balance	Increases	Decreases	Closing balance
SAS EUROAPI France		(67.1)		(67.1)
EUROAPI GERMANY GMBH		(258.4)		(258.4)
EUROAPI ITALY SRL	(39.3)	(37.9)		(77.2)
EUROAPI UK LTD		(91.1)		(91.1)
EUROAPI HUNGARY KFT		(190.1)		(190.1)
Total	**(39.3)**	**(644.6)**		**(683.9)**

Current accounts receivables impairment

These tests also led to the recognition of an impairment on current account receivables with EUROAPI Italy S.r.l and EUROAPI UK Limited, for €43.9 million and €4.0 million for respectively.

3.4. Shareholders' equity

Share capital

At December 31, 2023, the Company's share capital is composed of 95,053,684 shares with a par value of €1.00.

(in €)	Number	Par value
Number of shares comprising the share capital at January 1	94,549,488	1.00
Shares issued during the year	504,196	1.00
Shares redeemed during the year		
Number of shares comprising the share capital at December 31	95,053,684	1.00

Statement of changes in equity

(in € millions)	Opening balance	Appropriation of net income/(loss)	Increases	Decreases	Closing balance
Share capital (a)	94.5		0.5		95.1
Additional paid-in capital (a)	1,862.4			(0.5)	1,861.9
Retained earnings	(5.1)	(46.5)			(51.6)
Net income/(loss) for the period	(46.5)	46.5		(698.9)	(698.9)
Total shareholders' equity	**1,905.3**	**0**	**0.5**	**(699.4)**	**1,206.5**

(a) See Note 2.

3.5. Provisions for liabilities and charges

Schedule of provisions

(in € millions)	Opening provisions	Increases	Reversals	Closing provisions
Litigation				
Fines and penalties				
Foreign exchange losses	3.6	2.9	(3.6)	2.9
Pension and other benefit obligations				
Other provisions for liabilities and charges				
Total	**3.6**	**2.9**	**(3.6)**	**2.9**

3.6. Liabilities

Breakdown of liabilities by maturity

At December 31, 2023, liabilities amounted to €227.5 million, breaking down as follows by maturity:

(in € millions)	Gross	Due in less than one year	Due between one and five years	Due in more than five years
Bank borrowings(*), of which:				
- due within one year at inception (1)	205.4	205.4		
- due beyond one year at inception				
Other borrowings and financial liabilities (2)	17.2	17.2		
Trade payables	3.2	3.2		
Tax and employee-related liabilities	1.4	1.4		
Amounts payable on non-current assets and other				
Other liabilities	0.4	0.4		
Total	**227.5**	**227.5**	**0**	**0**
(1) Increase in borrowings during the year	*205*			
(2) Current accounts with subsidiaries	*17*			

Accrued expenses

(in € millions)	Amount
Invoices not received	0.2
Provision for bonuses	0.9
Provision for social security charges and bonuses	0.5
Other expenses	0.2
Total	**1.8**

Note 4. Notes to the income statement

4.1. Operating and financial income and expenses

Financial income and expenses

(in € millions)	2023	2022
Other interest income	11.9	2.2
Reversals of provisions and expense transfers	3.7	2.1
Foreign exchange gains	2.4	13.3
Total financial income	17.9	17.6
Financial amortization and provision expense(a)	(695.6)	(42.9)
Interest and similar expense(b)	(11.9)	(6.1)
Foreign exchange losses	(2.6)	(11)
Total financial expenses	(710.2)	(60)
Net financial income/(expense)	(692.2)	(42.4)

(a) During fiscal year 2023, EUROAPI depreciated its investments shares and receivables in the current account for €644.6 million and €47.9 million respectively (see note 3.3).

(b) During fiscal year 2023, EUROAPI granted two financial support packages to its subsidiary EUROAPI Italy S.r.l. :

- *€1.7 million on June 27, 2023;*
- *€1.3 million on October 23, 2023; and*
- *€1.4 million on December 15, 2023.*

4.2. Related parties

The amounts below are presented in absolute values.

(in € millions)	EUROAPI Germany GmbH	EUROAPI France	Francopia	EUROAPI UK Ltd	EUROAPI Hungary Kft.	EUROAPI Italy s.r.l.	EUROAPI Japan	EUROAPI US Inc	Euroapi Shanghai Ltd	Euroapi H1	Euroapi H2	Euroapi H3
Equity investments (net)	80.9	359.3	132.5	0	568.8	0	14.5	10.6	0	0	0	0
Trade receivables	1.5	4.8	0	0.2	0.3	1.1	0	0			0.1	
Other receivables (net) [(a)]	60.1	174.3	2.8	0,0	0	0,0	2.6				4.6	
Trade payables		1.5	0.1		0.0	1.4		0.0				
Other payables		0.1	6.7		10.4							
Management fees (expenses)		3.8										
Financial expenses [(b)]	258.4	67.1	0.1	95.2	190.6	86.1		0.1				
Financial income	2	6.7	0	0.3	0.4	1.6	0.1	0			0	

(a) Including current accounts with subsidiaries including the respective impairment of €43.9 million with EUROAPI Italy S.r.l. and €4.0 million with EUROAPI UK Limited.

(b) Of which €644.6 million in impairment of its investments and €4.4 million in financial support of EUROAPI Italy S.r.l. (see note 4.1).

4.3. Net income and income tax

Changes in the future tax liability

The underlying tax position, based on a corporate income tax rate of 25%, shows a future tax receivable of €0.4 million (excluding the payment of any social charges on profits).

(in € millions)	Amount
Deferred tax liabilities	
Unrealized foreign exchange losses at December 31, 2023	2.9
A. Total deferred tax liability	**2.9**
Deferred tax assets	
Related to other items	2.9
Unrealized foreign exchange gains at December 31, 2023	1.6
B. Total deferred tax assets	**4.5**
C. Tax loss carryforwards	
D. Long-term capital losses	
Estimated amount of the future receivable	**0.4**

Income tax – Tax consolidation

On January 1, 2023, EUROAPI and its French subsidiaries formed a tax consolidation group, as provided for by Articles 223 A to 223 U of the French Tax Code *(Code général des impôts)*.

In accordance with Article 223 A of said Code, as head of the tax group, EUROAPI is solely liable for the payment of corporate income tax and any additional levies on profits.

The tax consolidation agreement stipulates that, for each financial year, each member of the tax group is liable for the corporate income tax and any additional levies on taxable profit, calculated based on its own net income and determined as if it had not opted for tax consolidation, as well as any additional levies on profit or distributions payable and for which the parent company may be liable, less any deductions that the member of the tax group would have been able to apply in the absence of tax consolidation. Any member of the tax group that records a tax loss will have no claim on the parent company in this respect.

In 2023, the individual tax result of EUROAPI is a loss of €48.2 million. The tax result of the tax integration group presents a loss of €64 million. As a result, no tax was recorded for the year 2023. Without tax integration, the company would not have generated income tax either. Similarly, the company is not jointly responsible for any tax payment.

Within the tax integration a tax credit was recognized in 2023 for €2.8 million, which corresponds to the tax paid by the subsidiaries of EUROAPI as if they had been taxed separately. It comes from the individual tax result of EURL Francopia, a subsidiary of EUROAPI, which shows a profit of €11 million generating €2.8 million of corporate taxes. A research tax credit is also noted for SAS EUROAPI France, a subsidiary of EUROAPI, of €2.9 million for the year 2023.

Note 5. Other information

5.1. Subsequent events

None.

5.2. Headcount

Average headcount: 1 management employee (*cadre*).

5.3. Compensation of members of the Board of Directors

During fiscal year 2023, EUROAPI paid a gross total amount of €0.9 million to the members of the Board of Directors.

5.4. Share based payment and stock options

EUROAPI free share plans

On June 3, 2022, EUROAPI's Board of Directors approved free share plans for all employees and certain executives and managers (the Employee free share plan and the Special Management Incentive share plan) in the context of the listing on Euronext. These plans are subject to a service condition.

On May 30, 2022 and June 3, 2022, EUROAPI's Board of Directors approved free share plans for key executives and the Chief Executive Officer (Executive Committee matching performance share plan and CEO matching performance share plan) in the context of the listing on Euronext. These plans are subject to performance and service conditions (see section 2.3 of the Universal Registration Document).

During the first half of 2023, the Board of Directors carried out a capital increase resulting from the definitive allocation of free shares to employees (see Note 2 above).

EUROAPI performance share and stock option plans

On June 3, 2022 EUROAPI's Board of Directors approved the implementation of a long-term incentive plan for the Group's key executives and managers, including the Chief Executive Officer, through free share and stock option plans subject to performance and service conditions.

On June 5, 2023, EUROAPI's Board of Directors approved the implementation of a new long-term incentive plan for the Group's key executives and managers, including the Chief Executive Officer, through free share and stock option plans subject to performance and service conditions.

The principal features of the plans granted are set out below:

	Employee free share plan	Special Management Incentive share plan	Executive Committee matching performance share plan[b]	CEO matching performance share plan	2022 performance share plan[c]	2022 stock option plan	2023 performance share plan[d]	2023 stock option plan
Date granted by the Board	June 3, 2022	June 3, 2022	May 30, 2022	June 3, 2022	June 3, 2022	June 3, 2022	June 5, 2023	June 5, 2023
Total number of shares or options granted *(in thousands)*	474.1	122.3	461.2	181.2	216.3	327.1	357.9	405.4
Vesting period France	2 years	2 years	3 years	3 years	3 years	4 years	3 years	1 to 4 years
Exercise period						June 3, 2026 to June 3, 2031		June 5, 2024 to June 3, 2032
Exercise price						13.91		10.3
Shares or options delivered								
Shares or options canceled	55.2	28.1	146.9	181.2	37.5	103.5	38	90
Outstanding shares or options at December 31, 2023	418.9	94.2	314.3	—	178.8	223.6	319.9	315.4
Share price at grant date in euros[a]	14.2	14.2	13.45	14.2	14.2	14.2	10.18	10.18

(a) Quoted market price per share at the grant date.

(b) The Executive Committee matching share plan was approved by the Board of Directors on May 30, 2022, based on principles similar to the CEO matching performance share plan as described in the Listing Prospectus with regards to internal performance and external conditions. These include internal performance conditions for 75% of the grant (growth in revenue, Core EBITDA margin and inventory coverage, each representing 25% of the grant) and a Total Shareholder Return (TSR) condition versus a panel of companies and an index, for 25%.

(c) The 2022 performance share plan is subject to internal performance conditions (growth in revenue, core EBITDA margin and inventory coverage).

(d) The 2023 performance share plan is subject to internal performance conditions (growth in revenue, core EBITDA margin and ESG indicators).

5.5. Pension obligations

As the Company had no employees at December 31, 2023, no provision for retirement obligations was recognized.

5.6. Off-balance sheet commitments

RCF Agreement

Details of the RCF Loan Agreement, which is drawable in euros and matures on February 26, 2027, are provided below:

At December 31, 2023 *(in € millions)*	Initial amount	Drawn amount	Net amount
RCF Loan	451	205	246

Commitments to subsidiaries

At December 31, 2023, off balance sheet commitments related to the Group's operating activities were as follows:

At December 31, 2023		Payments due by period			
(in € millions)	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Irrevocable purchase commitments					
• given	1.4		1.2		0.2
• received					
Total - net commitments given	**1.4**		**1.2**		**0.2**

In compliance with its VAT obligations, Euroapi Italy filed its annual VAT return for 2022 in May 2023, then filed a corrected return in November 2023 reporting excess output VAT of €1.1 million charged by the Company.

The Italian tax authorities enjoined Euroapi Italy to refund the excess amount over a three-year period, together with interest of €75 thousand, making a total of €1.2 million.

Pursuant to parent-subsidiary rules, Euroapi SA is standing surety for the payment of Euroapi Italy's debt.

5.7. International Tax Reform - Pillar Two Model Rules

The OECD/G20 Inclusive Framework on base erosion and profit shifting provides for a two-pillar approach (i) to address the tax challenges arising from the digitalization of the global economy through the allocation of profits to market jurisdictions ("Pillar One") and (ii) to ensure that large multinational enterprises pay a minimum level of tax, irrespective of where their registered offices are located or the jurisdictions in which they operate ("Pillar Two").

Pillar Two introduces a global minimum tax at an effective rate of 15% for multinational groups whose global annual revenues exceed €750 million.

On December 15, 2022, the Member States of the European Union unanimously adopted a directive implementing the Pillar Two global minimum tax rules and requiring Member States to implement the directive into their national laws by the end of 2023.

On December 31, 2023, the 2024 Finance Law was enacted in France, introducing the global minimum tax at the effective rate of 15%.

Pillar Two rules are applicable for financial years beginning on or after December 31, 2023. The financial year ended December 31, 2023 is therefore not concerned.

As the ultimate parent company, Euroapi SA will ensure it complies with the Pillar Two provisions if it enters the scope of application of the reform.

4.7.2 Statutory Auditors' report on the statutory financial statements

Year ended 31 December 2023

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or the verification of the management report and the other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Euroapi,

Opinion

In compliance with the engagement entrusted to us by decision of the sole shareholder, we have audited the accompanying financial statements of Euroapi for the year ended 31 December 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1, 2023 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments in subsidiaries

See note “Investments in subsidiaries and other long-term investments” of the section “Note 1. Summary of significant accounting policies” and notes “3.1 Non-current financial assets” and “3.3 Impairment of assets” to the annual financial statements.

Risk identified	Our response

As at 31 December 2023, the net carrying amount of investments in subsidiaries is recorded on the balance sheet of your Company for a total amount of €1,166.6 million, i.e. more than 81% of total assets.
Investments in subsidiaries are recognized at their cost or transfer value. They are tested for impairment at each period end, and are impaired when their value in use, estimated in accordance with the methods described under “Investments in subsidiaries and long-term investments” in the “Summary of significant accounting policies” note, is lower than their carrying amount.
As presented in note 3.3 to the financial statements, your company recognized impairment losses for a total amount of €692.5 million as of 31 December 2023, of which €644.6 million on investments in subsidiaries and €47.9 million on current accounts with subsidiaries.
We considered that the valuation of investments in subsidiaries constitutes a key audit matter due to the materiality of these assets in the financial statements, and management’s use of estimates and assumptions to determine their value in use.
	Our audit procedures notably consisted in, with the assistance of our valuation specialists:
	◦ getting an understanding of processes and analyses performed by management for the purpose of these valuations,
	◦ verifying the arithmetic accuracy of the model used to determine values in use,
	◦ analyzing the main assumptions used to determine values in use, in particular through:
	  ◦ inquires with management and relevant executives,
	  ◦ reconciliation of cash flow projections with the strategic plan approved by the board of directors,
	  ◦ comparison with the data used for previous impairment tests as well as the historical performance of subsidiaries.
	◦ analyzing discount rates and long-term growth rates used, considering our own calculation and available market data,
	◦ performing sensitivity analyses on the main assumptions used,
	Finally, we assessed the appropriateness of the information disclosed in the notes to the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors’ management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code *(Code de commerce).*

Information relating to corporate governance

We attest that the section of the Board of Directors’ management report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code *(Code de commerce).*

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code *(Code de commerce)* relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code *(Code de commerce),* we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of preparation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code *(Code monétaire et financier),* prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF *(Autorité des marchés financiers)* agree with those on which we have performed our work.

Appointment of the Statutory Auditor

We were appointed as statutory auditors of Euroapi by decision of the sole shareholder dated 18 March 2022 for BDO Paris and 1 October 2021 for ERNST & YOUNG Audit.

As at 31 December 2023, BDO Paris was in the second year of total uninterrupted engagement and ERNST & YOUNG Audit was in the third year of total uninterrupted engagement (including two years since the securities of the Company were admitted to trading on a regulated market).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code *(Code de commerce),* our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes).* Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La Défense, April 4, 2024

The Statutory Auditors

French original signed by

BDO Paris	ERNST & YOUNG Audit
Éric Picarle	Pierre Chassagne

4.7.3 Five-year financial summary (data provided pursuant to Article R. 225-102 of the French Commercial Code)

(In € millions)	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
SHARE CAPITAL AT YEAR-END					
Share capital	95,1	94,5	90,0	0,2	
Number of existing ordinary shares	95,053,684	94,549,488	90,000,000	150,000	
RESULTS OF OPERATIONS FOR THE FISCAL YEAR					
Pre-tax revenues	0,0	0,6	0,0	0,0	
Earnings before tax, employee profit-sharing, amortization and provisions	(9,7)	(5,7)	(2,9)	0,0	
Coporate income tax	(2,8)	0,0	0,0	0,0	
Earnings after tax, employee profit-sharing, amortization and provisions	(698,9)	(46,5)	(5,1)	0,0	
Dividends paid	0,0	0,0	0,0	0,0	
EARNINGS PER SHARE					
Earnings before tax, employee profit-sharing, amortization and provisions	(0,1)	(0,1)	(0,0)	0,0	
Earnings after tax, employee profit-sharing, amortization and provisions	(7,4)	(0,5)	(0,1)	0,0	
Net dividend per share	0,0	0,0	0,0	0,0	
PERSONNEL					
Average headcount during the fiscal year	1,0	1,0	1,0	0,0	
Total payroll and employee benefits	1,6	1,6	0,9	0,0	

Euroapi - Vertolaye (France)

5

CORPORATE SOCIAL RESPONSIBILITY NFPS

5.1 EUROAPI CSR STRATEGY

As a major player in the pharmaceutical industry with diverse stakeholders, an ambitious Environmental Social and Governance (ESG) strategy aligned with our vision, strategy and culture, is key to our performance and growth.

Published in 2022, the strategy is based on a large stakeholders consultation of more than 1,200 participants, a materiality matrix and relies on 4 key commitments:

1) Safe products and a resilient & sustainable supply chain
2) Innovation for environmental sustainability
3) A safe and diverse workplace
4) Best-in-class corporate governance

In 2023, the positive feedback from rating agencies on its program objectives and disclosure practices has proven its good alignment with stakeholder expectations.

The main ratings gained in 2023 include:

- A silver medal from EcoVadis, the world leader in business sustainability ratings. That brings EUROAPI amongst the top 16% of companies rated by EcoVadis in the Manufacture of basic pharmaceutical products and the pharmaceutical preparations industry. More specifically, as far as the environment is concerned, EUROAPI is in the top 3% of companies rated by EcoVadis in this industry.
- A “B” score by the Climate CDP (Carbon Disclosure Project) for 2023, disclosed in February 2024. The scoring methodology of the CDP is fully aligned with regulatory boards and standards, and provides comparability in the market. It indicates that we are, as a company, addressing the environmental impacts of our business and ensuring good environmental management. It is a good foundation for our road toward operating in line with a 1.5 degree Paris Agreement.

More details and rating available on our website here.

In February 2024, we announced a strategic review (Press release February 28th 2024) which may result in adaptation to programs, projects, investments and our decarbonization road map.

5.1.1 The Group's business model

As a key player in the pharmaceutical medicine value chain, the Group's business model illustrates the resources it uses, the added value provided by its technology and its know-how, as well as the impact of its business activities on society at large.

Great care and thought was put into the development of the Group's vision and mission, in the process of creating and promoting its new identity.

Once these key elements were established, the next step was to define what values and behaviors would be essential to enable the Group to fulfill its vision and mission.

Our business model centers on the people, resources expertise and technology that are essential to EUROAPI's success to fulfill its mission.

It is intended to be sustainable and climate-resilient and presents also our societal and environmental impact.

A decarbonization road map supports the Group's business model. It is presented in Section 5.1.5 CSRD compliance: update and readiness action plan and in more details in Section 5.3.2 Minimize the Group's environmental impact.

The Group's business model's resilience relies also on the Group's risk mitigation as described in Section 3.2 Risk Factors.

Our Ressources

People

- ≃ 3,650 employees from 45 different nationalities
- 415 scientists including 45% of PhDs or engineers
- Experienced with 15 years of seniority on average

6 industrial sites

- 100% in compliance with GMP standards
- 100% of the sites are ISO 14000 and ISO 50001 certified
- The Saint-Aubin-lès-Elbeuf factory is the only Western API manufacturing site of vitamin B12

Planet

- 2023 Carbon footprint (Scopes 1 & 2): 91,700 tCO_2e (-20% vs 2020)
- Energy consumption: 604,472 MWh (-8.8% vs 2020)
- Water consumption in thousand m^3: 19,127 m^3 (-10% vs 2020)
- Waste generated in metric tons: 100,605 (-1% vs 2020)
- Solvent consumed in metric tons: 87,595 (-19% vs 2020)
- Climate CDP Score: B (Carbon Disclosure Project)

Partnerships

- 500+ clients with a loyalty of more 20 years of collaboration
- More than 20 R&D partnerships and 2 patents
- 69 CDMO projects
- 4,000 Suppliers

Finance

- €1,013 million in revenue in 2023
- 9.2% core EBITDA margin in 2023
- €510 million in planned investments in 6 plants (between 2022 and 2025)
- Two major shareholders: Sanofi and EPIC Bpifrance

Our Mission

Our core business is to develop, manufacture and supply active-ingredient solutions for our healthcare partners around the world. We combine our scientific excellence with industrial expertise and a wide range of technologies to deliver solutions that meet the highest quality, social and environmental standards

Euroapi, a Global leader in

Quality and innovation

- High quality level throughout the manufacturing chain including raw material sourcing

Strategy

- Strengthening of API solution leadership
- Growth and expansion in must-win CDMO platform
- Operational excellence

API Solutions — 72% of Sales

CDMO Platforms & services — 28% of Sales

Culture & Values:

how we do things is as important as what we do

Pharma Research & Development

Chemical Development and Manufacturing of Active Pharmaceutical Ingredient (API)

The healthcare

GMP: Good Manufacturing Practice
API: Active Pharmaceutical Ingredient
CDMO: Contract Development and Manufacturing Organisation
EBITDA: Earnings Before Interest, Taxes , Depreciation, and Amortization
BPI: Banque Publique d'Investissement (the French Public Investment Bank)

What we do

CDMO and API solutions

- Quality and regulatory support services
- Numerous Innovation projects

4 ESG commitments

1. Offer safe products and a resilient & responsible supply chain
2. Accelerate innovation for environmental sustainability
3. Create a safe & multicultural workplace
4. Uphold best in class corporate governance

TAKING OWNERSHIP
CARING FOR ALL
ACHIEVING TOGETHER
DRIVEN BY OUR CLIENTS

Drug Product manufacturing

Patient

value chain

EMA (European Medicines Agency) inspections are performed by local agencies

IPCEI: Important Projects of Common European Interest

UNGC: United Nations Global Compact

*As compiled by WHO (Jul 2023), EU (Dec 2023), BfArM (Jun 2023), ANSM (Jun 2023)

Our Impacts

Society

- 46% of sales from APIs used in medicines with acknowledged therapeutic interest*
- 1 EMA inspection without remarks
- Contributes to EU and national health sovereignty initiatives
- Partnerships with ~20 schools in 3 countries

People

- Reached LTI and TRI of 2.1 and 2.8 respectively
- Reached our objective of 30% of leadership positions held by women
- 9.6 hours training per employee on average in 2023
- Est. 4.9% of employees in France have a disability

Planet

- 75% of innovation projects of the Group are driven by environmental impact containment
- 25% of energy consumed coming from renewable sources
- 25% of water consumption is recycled or reused water
- 33% of plants are "zero waste to landfill"
- 71% of solvent consumed is recycled

Partnerships

- 100% successful inspections for client
- Positioned on six IPCEI projects, including three in France
- 87% of new suppliers of raw material signed Supplier Code of Conduct
- Member of UNGC and Responsible Care© initiatives
- 95% of employees were trained on the Code of Ethics

Finance

- Acknowledged ESG strategy by rating agencies and EcoVadis' Silver Medal
- ESG part of remuneration package of CEO and senior management (10%)

Our contribution to 5 sustainable Objectives

5.1.2 The Group's corporate culture and its four core values

Our core values are:

Taking ownership

The Group believes that by taking ownership, its employees are accountable for their work and for always acting with the Group's interest in mind.

Achieving together

The Group believes that by achieving together, it empowers its people for greater positive impact.

Driven by our clients

We believe that being client-driven, the Group creates value by putting its clients at the heart of its activities.

Caring for all

The Group believes that caring for all means valuing and respecting its stakeholders, people, clients and patients, its partners and the planet.

These values underpin everything we do, driving decision-making, employee relations and stakeholder engagement at every level. Under the Chief Executive Officer's leadership, with the support of the Executive Committee and a network of ambassadors, they have been communicated to internal and external stakeholders and embedded across the organization.

They are reflected in our policies and standards and in our Code of Ethics, available on our website.

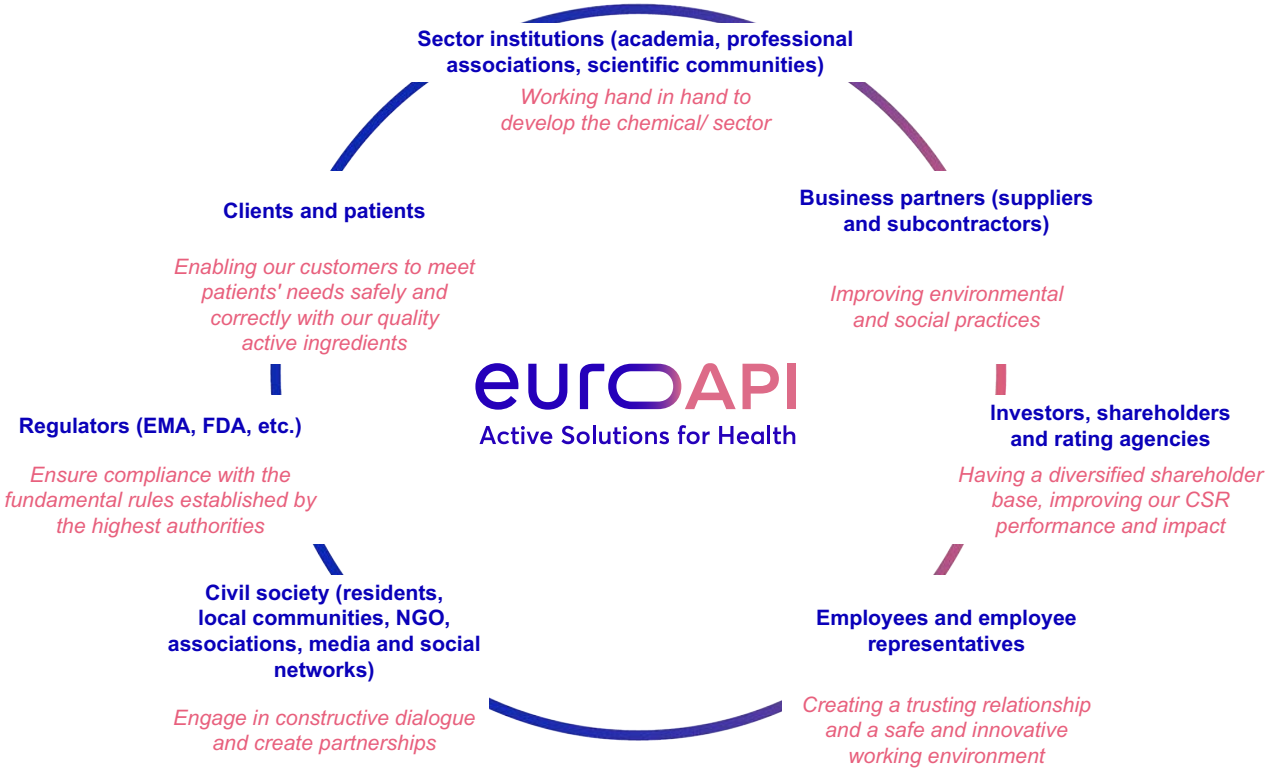
5.1.3 Dialogue with the Group's stakeholders

The Group began the consultation phase of its ESG strategy in 2021 by sending a survey to its various internal and external stakeholders through an outside agency, in order to produce a robust materiality analysis.

The survey was sent to all stakeholder groups: clients, suppliers, civil society and industry, key opinion leaders, and financial partners.

In addition to this strategic exercise, we consulted employees both directly and through employee representatives.

The stakeholder map below shows the specific topics associated with different stakeholder groups and our engagement strategy for each one. More detail on stakeholder engagement is presented in the table below.



Open, respectful communication is one of our core values and is at the heart of our relationship with clients. We proactively and systematically seek their views through a range of channels, including regular surveys and feedback requests. The data is used to measure customer satisfaction and constantly review and improve our performance.

Lobbying

Our lobbying activities are aimed at promoting the manufacture of active ingredients and pharmaceutical intermediates at facilities in France and Europe.

These activities are subject to national, European and international legislation as well as our own stringent standards, as set out in our lobbying charter.

No political contributions were made to political parties, elected representatives or related institutions in 2023.

Community

We are committed to working with local stakeholders including municipal authorities, businesses and residents to support local economies and communities. We draw on the local insight and expertise of staff at our 6 European sites to deliver on this commitment.

The direct and indirect environmental, social, societal and economic impacts of our operations are discussed at regular meetings of senior management from across the company.

Our local community strategy is based on 3 pillars:

- **Supporting local economies**
  - We take an active role in economic initiatives and contribute to regional development agendas locally, including through our membership to local chambers of commerce.
  - We are committed to providing opportunities for graduates and job-seekers to enter skilled employment and regularly attend recruitment events and careers fairs. At remote sites we work with other employers, pooling our vacancies to have a wider reach.
  - We work with a number of local community organizations.
- **Safety and risk prevention**
  - 5 of our 6 SEVESO sites[6] have emergency response capabilities including on-site emergency vehicles, water reserves, fire-fighting equipment and fire engines. All equipment is subject to regular safety inspections.
  - We also work with local fire services and police departments to offer training in crisis response to local schools, government, businesses and other stakeholders.
  - We conduct community impact assessments as part of our business continuity plans and have site-specific crisis response procedures in place.
- **Minimizing our environmental impact**
  - We are upgrading our infrastructure and processes to reduce our consumption of local natural resources. In 2023 we installed a €3M state-of-the-art resource-efficient cooling unit at our site in Vertolaye.
  - We have conducted detailed analysis of our water footprint and produced an impact assessment with a view to improving our existing remediation plan from 2023.
  - We conduct regular reviews of local transport provision in order to promote the use of public transport by employees and implement our own transport schemes where there are gaps.

[6] *Four SEVESO "High-Threshold" facilities in Vertolaye, Frankfurt, Budapest and Brindisi and one SEVESO "Low-Threshold" facility in Saint-Aubin-lès-Elbeuf.*

The table below illustrates the number and type of interactions the Group has with all its stakeholders.

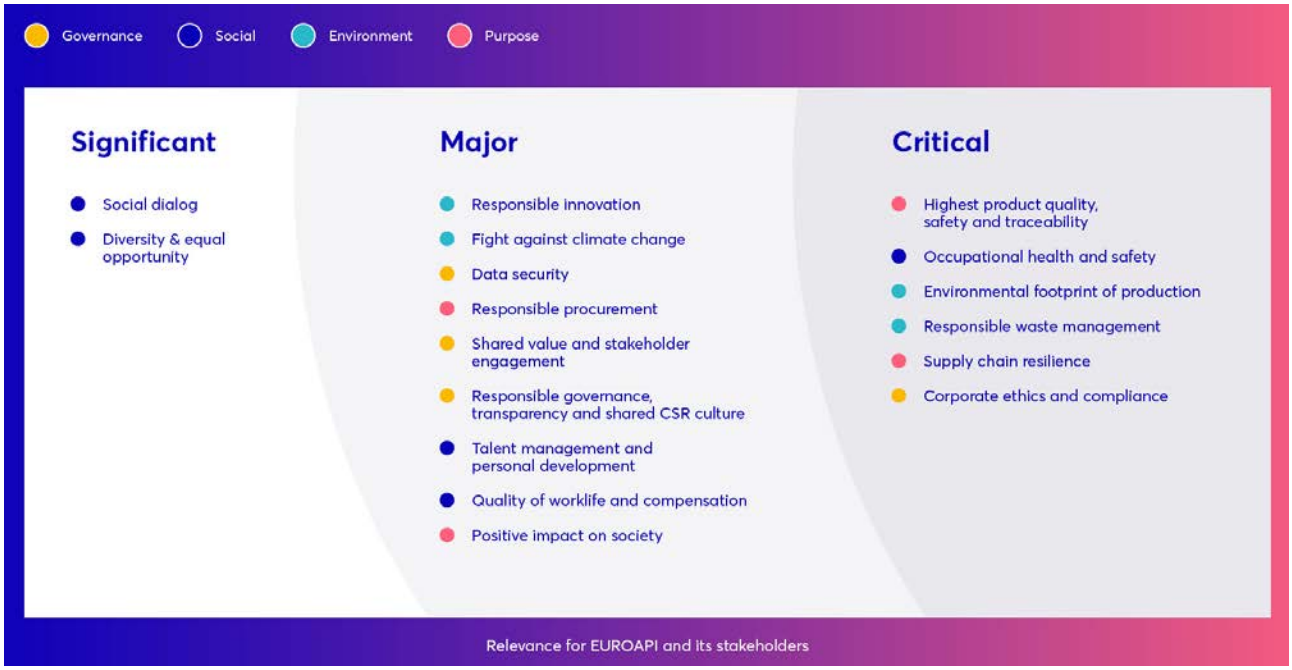
Stakeholders	Topic addressed	Actions in 2023	Examples
Industry institutions (academia, professional associations, scientific communities)	Technological innovations, development of trainees Economic and environmental framework and specific topics for the Group	The Group partners with a large number of industry associations and scientific universities (>30), at local or national level. This includes PhD co-fundings and contributions to scientific events such as the Japanese Society for Process Chemistry symposiums. In the context of numerous career events and site visits, the Group offers the opportunity to students to benefit from employees' experience with mock interviews, real-world experience and help prepare them for their future.	MEDEF Paris Syndicat de l'Industrie Chimique Organique de Synthèse et de la Biochimie (SICOS) France Chimie Suffolk Chamber of Commerce German Chemical Industry Association (VCI) University of Bari (Italy) Initiative Gesundheitsindustrie Hessen (IGH) with the Max Planck Institute for Polymer Research (MPI-P) and the Max Planck Institute for Chemistry (MPI-C)
Business partners (suppliers and subcontractors)	Quality, order security, innovation, cost, risks and compliance with the Code of Ethics and its ESG roadmap	The Group has a supplier portal, allowing timely interactions with all its suppliers and sharing of updated information. In addition, the Group's procurement team organizes regular business reviews, suppliers premises visits and, for important events, sends direct letters from the CPO. The Group's quality and supply chain teams are also key contacts for suppliers, with quality audits and registration documentation updated on an ongoing basis.	The deployment of a supplier evaluation system and the responsible purchasing program is increasing the number of interactions between the Group and its suppliers. Procurement teams attended the CPhI in Barcelona, where they met hundreds of suppliers, and had almost 60 face-to-face meetings during business reviews and visits (internal and external).
Investors, shareholders and ratings agencies	Results, business models/product range, news	The Company's Executive Committee members participated in broker conferences and regular investor roadshows. The Group's investor relationship department organized two semi-annual financial and non-financial results conference calls for investors and interacts with numerous ESG ratings agencies and banks.	The information is available on the Company's website: For investors communication: link here For ESG ratings : link here
Employees and employee representatives	Working conditions, business reviews, safety and environmental protection	Social Dialogue: agreements, employee representatives elections took place in France. A European Works Council held regular meetingsemployee representative elections (pluriel). A European Works Council held regular meetings with a view to facilitating information sharing between the countries. In 2023, numerous actions and events took place at site levels such as: • Diversity & Inclusion training • Environment awareness • Safety culture awareness • Quality culture awareness An internal program to promote health and well-being is offered to employees at local or Group level. It includes flu vaccination campaigns, mental health, and breast cancer awareness sessions.	Election of employee representatives First aid' training, inclusion training, people management organized by the HR team, People Management session, deaf languages initiation, energy sobriety awareness, etc. Quality and Safety culture are organized annually in all sites and run by the relevant functions. Group walking challenge – Global. Several "Bring Your Child to Work" days took place in 2023.

Stakeholders	Topic addressed	Actions in 2023	Examples
Civil society (residents, local communities, NGOs, non-profits, media and social networks)	Jobs, safety and environmental protection	In line with its Local Communities Strategy, the Group is a partner of numerous local NGOs and hospitals that are addressing needs of the local communities. It includes blood donation, clothing and meal donation and fundraising events. The Company's CEO and Executive Committee Members participated in various events with journalists, and the Group published 21 press releases, resulting in several hundred articles in the international press. More than 14K people have followed the Group's LinkedIn account since its creation in May 2022.	Several site visits and meetings with journalists were organized locally, such as TV interaction in Germany or online newspaper director meetings in Italy.
Authorities and Regulators (EU, EMA, FDA, etc.)	Compliance, safety and environmental protection	EUROAPI participated in the Important Project of Common European Interest (IPCEI). Its application is currently under review by the European Commission. EUROAPI has submitted sustainable innovative projects to help cover the need for currently imported critical medicines such as macrolide antibiotics and corticosteroids, by 2030. In line with it is Responsible Lobbying Charter EUROAPI carries out lobbying activities with the aim of promoting the localization in France and Europe of the production of active ingredients and pharmaceutical intermediates. Audits by authorities : the Budapest site was audited in November 2023.	Visits of national or regional authorities were organized locally, such as visits of Members of Parliament to the Frankfurt site, meetings at ministries and with Members of parliaments in other countries.
Clients and patients	Product offering, technology innovation, supply, quality of products, sustainability, regulatory services, pricing, etc.	The Group’s sales teams attended more than 20 trade fairs and scientific events in Europe, North America and Japan. The Group conducts regular ad hoc pulse surveys and requests feedback after sales visits/calls. Clients and prospective clients regularly audit the Group's sites, a standard in its industry. A total of 56 audits from clients were conducted on EUROAPI's sites.	The Group’s sales teams attended the CPhI in Barcelona, ChemOutsourcing in North America, etc. PSCI Audits took place in 2023 on 3 sites: Elbeuf, Harverhill and Brindisi.

5.1.4 The Group's ESG Strategy

In developing our ESG strategy, we have produced a single materiality matrix, drawing on the findings of a survey conducted in March 2021 which garnered over 1,200 responses from a wide range of internal and external stakeholder groups. On the basis of emerging trends and observations, the 17 topics identified were identified as material and classified as High, Very High or Critical.

This materiality matrix, combined with a strategic risk assessment, formed the basis of our ESG strategy and the framework of our extra-financial performance declaration.



Thus, our ESG strategy meets the needs of stakeholders, fuels our growth, and helps to mitigate risk in a number of areas. In it we make four commitments:

Offer safe products and a resilient & responsible supply chain

We provide high quality products and strive to be a reliable partner in the pharmaceutical supply chain.

Accelerate innovation for environmental sustainability

We propose innovative processes and services sustainable by design.

Create a safe & multicultural workplace

We ensure our employees' safety and a fulfilling environment for all.

Uphold best in class corporate governance

We work continuously with our internal and eternal stakeholders to promote compliance and fair practices.

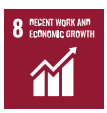
The material non-financial targets set out in our ESG roadmap are the subject of specific priorities, each of which is overseen by a member of the Executive Committee.

The table below illustrates the relationships between our ESG strategic priorities, the various ESG priorities and the associated material topics as well as our targets and commitments.

"Values and stakeholder engagement", the cornerstone of the Group's strategy applies at every level of the organization, and is the subject of Section 5.1.6.

ESG commitments

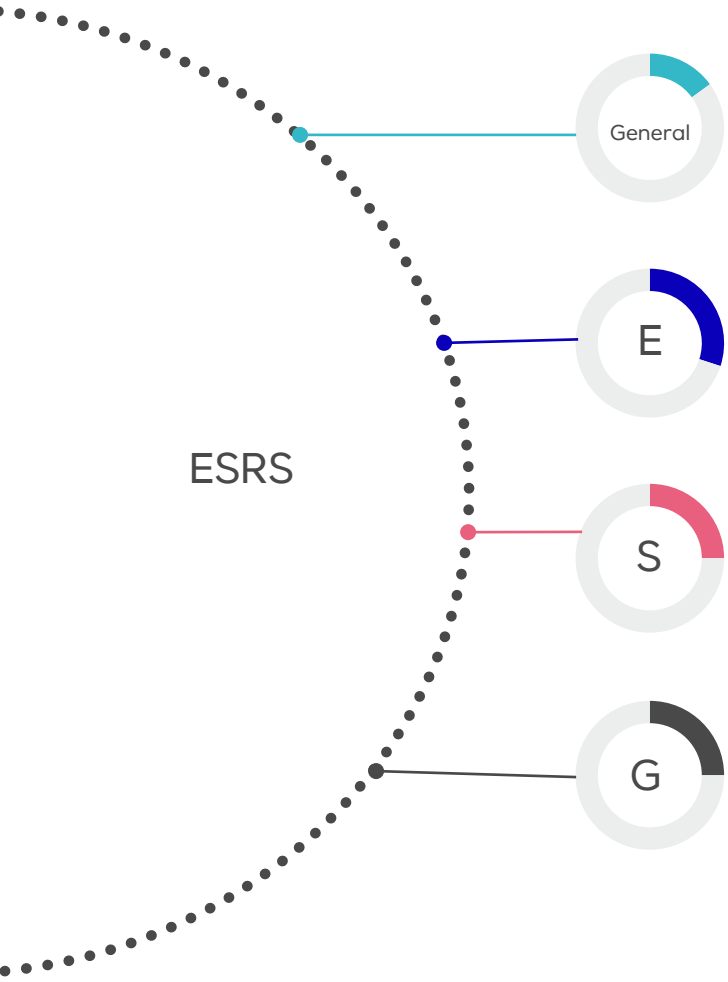
Commitments	Programs	Material Topics	Policies
Offer safe products and a resilient & responsible supply chain		Product quality & safety	Our certifications by Health Authorities
			Quality Policy
	Responsible Procurement	Responsible procurement	Sustainable Procurement Factsheet
			Supplier Code of Conduct
		Positive impact on society	Human Rights Factsheet
			Ethics and Business Integrity Factsheet
	Responsible supply chain	Supply Chain resilience	Supplier relationships charter
Accelerate innovation for environmental sustainability	Towards responsible Innovation	Responsible Innovation	Environmental Sustainability Factsheet
	Environmental Footprint and Waste Reduction	Fight against climate change	
		Environmental footprint production	
		Responsible waste management	HSE EUROAPI Policy
Create a safe & multicultural workplace	Safety and Wellbeing	Occupational health and safety	HSE EUROAPI Policy
		Social dialog	Human Rights Factsheet
		Quality of worklife and compensation	Right to disconnect
	Internal Development	Talent management and personnal development	DE&I and Talent Management Factsheet
	Diversity & Equal Opportunity	Diversity & equal opportunity	
Uphold best in class corporate governance	Compliance and Business Ethics	Corporate Ethics & Compliance	Code of Ethics
			Ethics and Business Integrity Factsheet
			Supplier relationships charter
			Supplier Code of Conduct
			Human Rights Factsheet
			Euroapi Ethics Line
		Shared Value and stakeholder engagement	Responsible Lobbying Charter

ODD	Objectives	Realization Rate 2023
		
 	100% sites ISO 14001/50001 certified by 2023	100 %
	100% sites purchase electricity from renewable sources by 2025	83 %
	-30% reduction in CO^2 emissions (vs. 2020) by 2030 (scope 1 & 2)	65 %
	LTI (Lost Time Injury) to 1.5 per 1,000,000 hours worked by 2025	60 %
	TRI (Total Recordable Injury) to 2.5 per 1,000,000 hours worked by 2025	88 %
	30% women in leadership position by 2025	100 %
	100% of Code of Ethics training Completion	95%
	100% of GDPR training Completion	94%

5.1.5 CSRD compliance: update and readiness action plan

From January 1, 2024, the Corporate Sustainability Reporting Directive, "CSRD" (EU 2022/2464), will enter into force, replacing the Non-Financial Reporting Directive (NFRD) and extending its scope. Part of the European Commission Green Deal action plan, the first set of European Sustainability Reporting Standards (ESRS) was published by the European Commission on July 31, 2023 and were transposed into French law in December of that year (JO RF 7 Dec. 2023, text 19). The new rules are intended to improve the quality, consistency, comparability and transparency of sustainability reporting.

Companies will now be required to apply the "double materiality" principle and disclose material sustainability risks, opportunities and impacts.



ESRS 2
General, strategy, governance and materiality assessment

ESRS E1
Climate change

ESRS E2
Pollution

ESRS E3
Water & Marine Resources

ESRS E4
Biodiversity and Ecosystems

ESRS E5
Resource use and circular economy

ESRS S1
Own Workforce

ESRS S2
Workers in the value chain

ESRS S3
Affected communities

ESRS S4
Consumers and end-users

ESRS G1
Business conduct

As a large public-interest company with more than 500 employees and over €40 million in turnover, EUROAPI is classed as a large company under NFRD requirements and, as such, must publish its CSRD report for the 2024 reporting period in 2025.

As a first step toward CSRD compliance, we have begun carrying out a number of assessments including a double materiality assessment and gap analysis.

Double Materiality Assessment

In 2023, we performed a double materiality assessment to gain insight into our environmental impact and sustainability risk factors.The findings will inform our CSR reporting going forward.

Double materiality is based on:

- Impact materiality: Information on the reporting company's impact on the economy, environment and people for the benefit of multiple stakeholders, such as investors, employees, customers, suppliers and local communities.
- Financial materiality: Information on economic value creation at the level of the reporting company for the benefit of investors (shareholders).

The assessment involved a 4-step process:

1- Identification of topics

Identifying potentially relevant sustainability issues to add to a long list for materiality analysis.

2- Pre-assessment of Impact and Financial Materiality

Drawing on on EUROAPI's knowledge of its activities, existing studies, market research, etc., the ESG and Risk Management teams produced an initial draft Double-Materiality matrix on which to consult stakeholders.

3- Interviews with Stakeholders to challenge pre-assessment

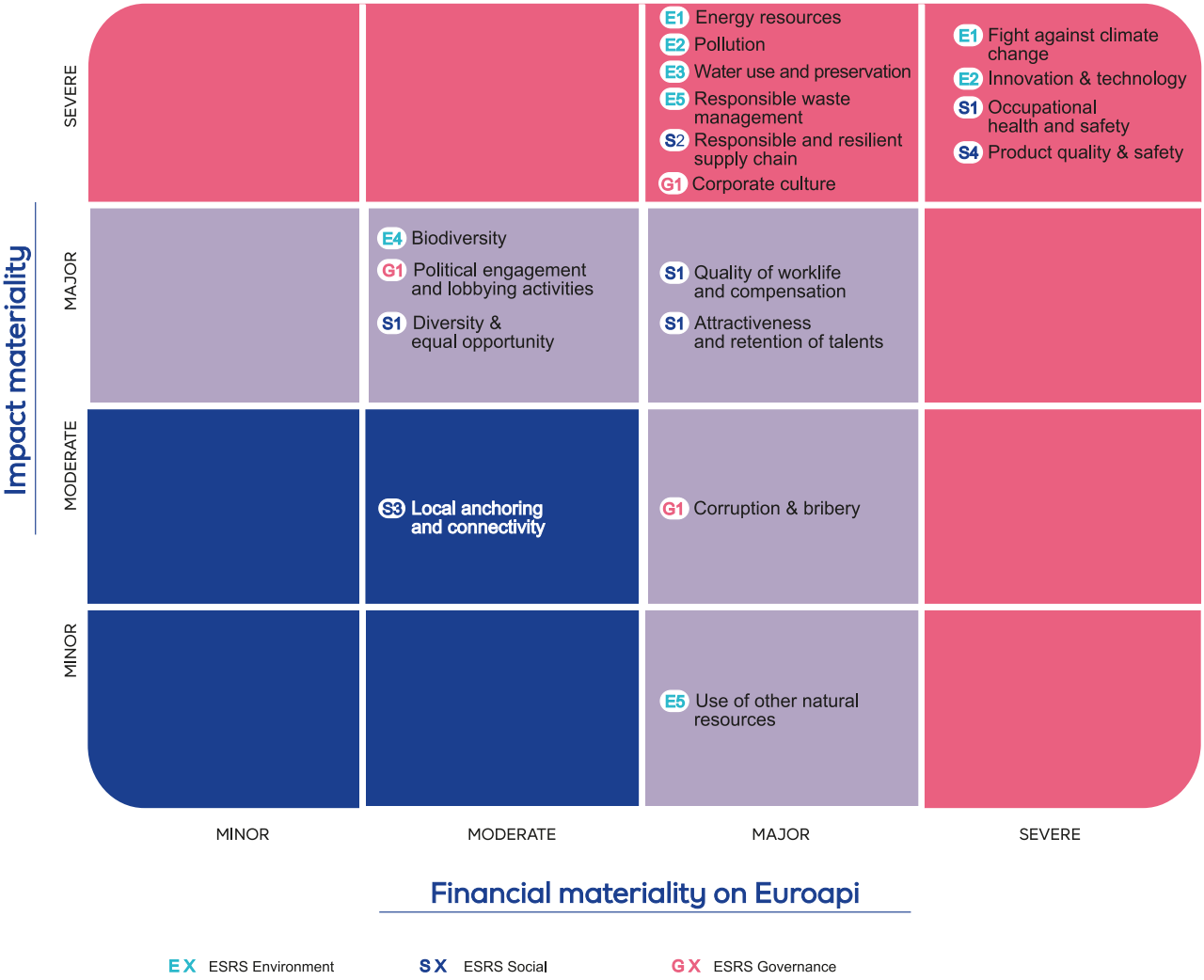
Internal stakeholders were consulted on the draft through one-to-one interviews and in panels.

4- Review and validation by EUROAPI's ESG Steering Committee

An exploratory double materiality assessment was conducted in 2023 in preparation for the CSRD.

The draft was presented to the ESG Steering Committee who reviewed it from a financial perspective. The matrix was then approved before being presented to the ESG Committee.

The results of this assessment and consultation process are set out below.



The results of this assessment will support our preparation for the new European Corporate Sustainability Reporting Directive (CSRD) and will help to inform our ESG strategy going forward.

CSRD Readiness Action Plan

In order to prepare for compliance with the future CSRD directive, a gap analysis of the company's current post-2025 reporting practices was carried out for each indicator of each ESRS.

The key output was a detailed action plan for each function, incorporating the disclosure requirement:

- metric or target;
- priority and time frame;
- resources;
- phase-in;

The CSRD readiness action plan for EUROAPI is overseen by the ESG team, in collaboration with the Finance team and other relevant departments. In 2024 regular updates of its deployment will be presented to the ESG Steering Committee.

A decarbonization roadmap aligned with the Paris Agreement is a one of the requirements of the CSRD.

In 2023 the Group decarbonization road map was finalized. It was based on internal consultation of existing investments, scopes 1,2,3 published in 2022 and external support for the methodology expertise. Decarbonization levers and a clear set of actions were identified. Some programs were launched.

In light of the recently announced strategic review (Press Release), assumptions concerning business growth, business perimeter and company expansion may have to be revised. An updated version might have to be reviewed and validated in 2024.

The key objectives and timescales set out in the roadmap aligned with the short-term targets of the Paris Agreement included:

- A 42% reduction in emissions from sites (Scopes 1 & 2) by 2030 (vs 2022)
  - Detailed forecasts up to 2030 for Scopes 1 & 2
  - Emission reduction plan based on projected investments (CAPEX and OPEX)
- 25% reduction in Scope-3 emissions (materials, waste treatment and transport) by 2030 (vs 2022)
  - Scope 3 emissions forecasts up to 2030
  - Reduction based on actions and program performance.
- A 90% reduction in Scope 1,2 & 3 emissions by 2050 (vs 2022)
  - Based on expected emission mitigation strategies from 2030 to 2050

The neutralization of residual emissions in order to reach Net Zero was not addressed at this stage.

The table below presents an overview of underlying outcomes. The roadmap is set out in more detail in Section 5.3.2 Minimizing the Group's environmental impact.

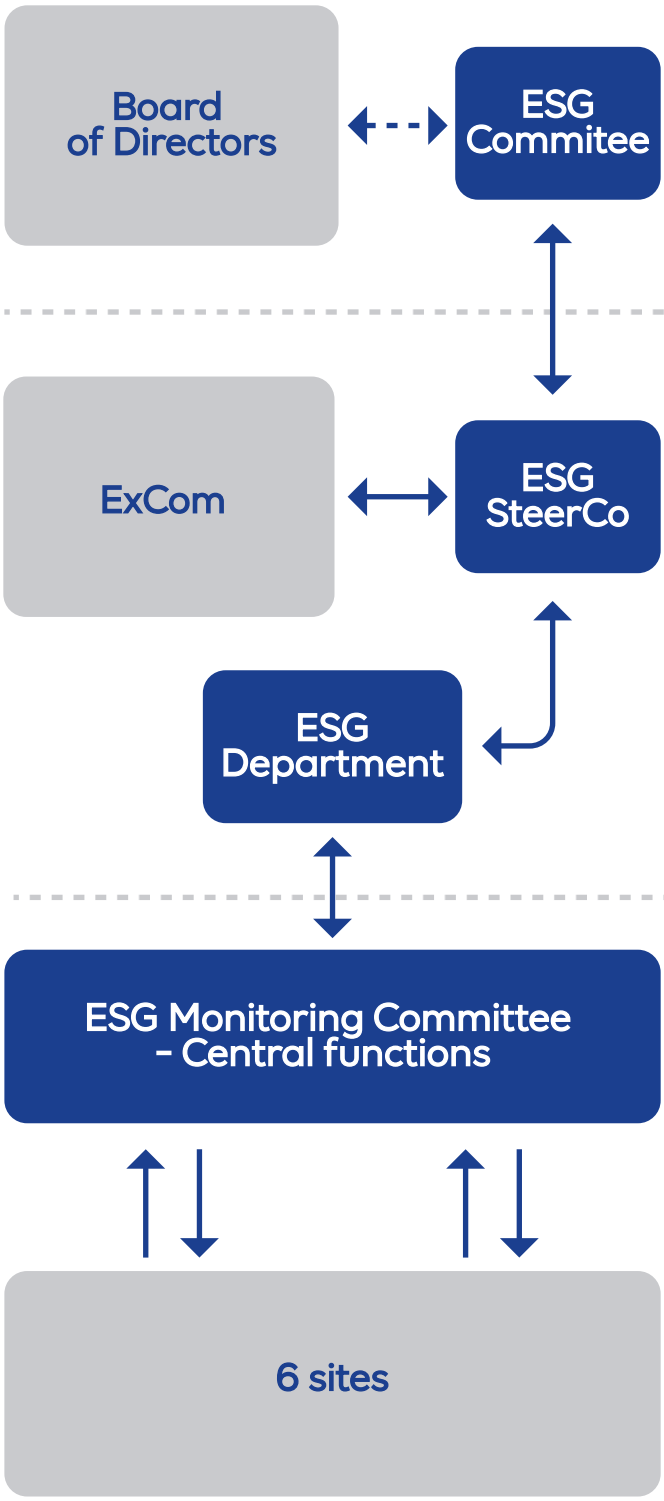
Governance and actions for Scope 1, 2 & 3 emission reduction targets for 2050 are under review.

Targets	Governance	Actions	CAPEX (M€)
Scopes 1 & 2 emissions reduction by 42% by 2030 (vs 2022)	Validation by ESG SteerCo Objective endorsement at site level	11 actions (5 main actions contributing to 83% of decarbonization potential) were implemented in 2023, in the implementation process or in the evaluation process	€41M
Scope 3 emissions reduction by 25% by 2030 (vs 2022)	Validation by ESG SteerCo Objective endorsement at function level	10 actions identified. The highest contributors are the solvent regeneration program, the sustainable purchasing and the cleaning optimizations programs, in addition to Responsible innovation	*Not addressed at this stage*
Scope 1, 2 & 3 emission reduction by 90% by 2050 (vs 2022)	*Not addressed at this stage*	*Not addressed at this stage*	*Not addressed at this stage*

5.1.6 The Group's ESG governance

ESG governance is embedded across the organization and delivered through work strands on specific topics and objectives.

The ESG collective performance criterion was one of the criteria of the annual variable compensation package within the short-term incentive plan of the Extended Leadership Team (ELT). The ELT includes the Executive Committee and senior corporate positions.



Policy validation

ESG Committee members

- Examine the orientations, objectives and issues linked to the Company's corporate social responsibility policy
- Ensure that ESG topics are taken into account in the Group's strategy and its implementation
- Ensure the monitoring and control of the Group's main environmental, social and societal risks
- Examine the Group's commitments in terms of sustainable development, with regard to the challenges specific to its activity and its objectives.

Strategy and performance monitoring

ESG SteerCo

- Excom Program sponsors
- Allocate resources and influence strategy
- Assign the Program Heads

ESG Department

- Present performance updates to ExCom & ESG Committee
- Consolidate KPIs and lead the ESG Monitoring Committee
- Manage rating agencies, external publications, OTI, Stakeholders' Committee, Client questionnaires

Deployment

ESG Monitoring Committee of Program Heads

- Quarterly update on program performance, based on presentations by Program Heads

Central functions - Program Heads

- Build and deploy program's action plans
- Liaise with functions on sites to adapt programs locally
- Collect Performance and KPIs monitoring

Sites

- On-site deployment
- Operational feedback

5.1.7 Contribution to the United Nations Sustainable Development Goals

We are aware of the challenges facing the world and take responsibility for contributing to a better society and a more sustainable future.

That is why one of the first commitments made by the Group was to become a signatory of the 10 universal principles of the United Nations Global Compact initiative (UNGC) on human rights, labor, the environment and anti-corruption.

The United Nations Global Compact is the world's largest voluntary corporate sustainability and corporate responsibility initiative.

In signing up to it we have joined forces with thousands of companies worldwide, who share in a commitment to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption, and to contributing to the UN targets embodied in the Sustainable Development Goals (SDGs).

We see the 17 SDGs as a framework for achieving future sustainability ambitions and have embedded them in the Group's ESG road map. The Group's ESG roadmap incorporates the 17 SDGs. As a key player in the pharmaceutical industry, 5 of the SDGs (see below) are particularly relevant. In November 2023 our impact in these areas was reinforced when we acquired Biano, a player in the oligonucleotide CDMO market focused on small-scale, early-stage (pre-clinical to phase 1), complex and customized projects (press release).

Ensuring healthy lives and promoting global well-being for all at all ages

With a portfolio of more than 200 APIs, the Group addresses a broad range of medical needs, covering each of the 14 anatomical therapeutic classifications defined by the World Health Organization. About 46% of the Group's revenue in 2023 is derived from APIs that are included in a list of essential medicines or medicines with major therapeutic interest[1]. As an example, EUROAPI produces Rifampicin which is one of the most commonly used antibiotics to treat tuberculosis and is on the World Health Organization's (WHO) list of essential medicines.

EUROAPI participated in the Important Project of Common European Interest (IPCEI). Its application is currently under review by the European Commission. EUROAPI has submitted innovative projects to help cover the need for currently imported critical medicines such as macrolide antibiotics and corticosteroids, by 2030.

The quality of medicines and the resilience of the pharmaceutical supply chain are key topics for public health. The past years' events such as COVID-19, drug shortages, energy costs and the geopolitical context have strongly enhanced the importance of drug availability in our societies.

This is the reason why EUROAPI committed to supporting the supply of specific selected essential medicines to France and Europe. This will be done thanks to the increase of production capacity of opioid pain relievers through innovative processes, the re-launch project of antibiotic production and anti-inflammatory manufacturing (press release).

The Group strives constantly to be a reliable supplier. On top of repatriation projects, it has a mono-sourcing exit program and safety stocks in order to ensure back-up of critical raw material purchasing. The Group also has a Business Continuity Plan to address unforeseeable events and adapt its stock to regulatory requirements. It is deploying a Responsible Purchasing Program.

In addition, thanks to its Contract Development Manufacturing Organizations (CDMOs) and the recent acquisition of Biano, the Group supplies its clients with APIs during their clinical trial phases, and guarantees supply once the patent is obtained, facilitating patient access to innovation.

[1] *WHO, EU, France and Germany*

Achieving gender equality and empowering women and girls

As part of its ESG policy, the Group is committed to diversity and intends to create an inclusive workplace for all its employees. The objective is to improve the representation of diversity within the Group's HQ and local workforce, both at the hiring stage and in developing professional careers.

The Group also intends to encourage a balanced representation of women and men at all levels of seniority within the hierarchy, as well as to promote equal opportunities for under-represented employees.

A Diversity, Equity and Inclusion network was created and launched in 2023. Since January 1, 2022, minimum 14 weeks of paid parental leave is granted to all employees welcoming a new child, providing the employee is recognized as the child's parent on the basis of local legislation or practice.

Also, regarding the Group's governance, the Board of Directors is composed of 12 members including seven women as at December 31, 2023, which conforms to the combined provisions of Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code providing for a balanced representation of women and men on the Board of Directors.

Promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

The safety of the Group's employees and subcontractors comes first:

- The Group has a safety prevention program including Management Safety Visits and mandatory training sessions on all of its sites. This is why by 2025, the Group is committed to reaching a lost-time injury frequency rate (LTI[(1)]) of 1.5 or less and a total occupational injury frequency rate (TRI[(2)]) of 2.5 or less.
- The Group also promotes its employees' health and well-being through its Wellness4All programs. It organized in October 2023 the first Group Wellness program, consisting in a walking challenge for the whole month, on all sites and in all countries.

As a member of the United Nations Global Compact initiative, the Group commits to supporting and respecting the protection of internationally proclaimed human rights and takes measures not to be complicit in human rights abuses from our business partners.

Consequently, the Group collaborates continuously with its external stakeholders to promote decent work for all. The Group's suppliers are expected to comply with its Supplier Code of Conduct (the "Supplier's Code of Conduct") with respect to child labor, forced labor, violence and harm, discrimination, and health and safety. The Group's suppliers must build a management system and train their people in order to:

- implement and comply with the Group's Supplier Code of Conduct;
- ensure compliance with local and national laws and regulations.

By respecting the Group's Code of Conduct, suppliers determine both the onboarding and continuing commercial relationship with the Group.

The Group and their suppliers must comply with regulatory human rights obligations, in particular international standards such as the United Nations Guiding Principles on Business and Human Rights. The Group's human rights fact sheet can be found on the corporate website.

(1) For EUROAPI employees per 1,000,000 hours worked.
(2) For EUROAPI employees per 1,000,000 hours worked.

Building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation

The Group is the largest Europe-based small molecules API producer, with more than 150 years of experience in API production. Its six production sites operate in compliance with GMP standards and are certified by health authorities:

- France, in Vertolaye since 1939 and Saint-Aubin-Lès-Elbeuf since 1946;
- Germany, in Frankfurt since 1863;
- Hungary, in Budapest since 1910;
- Italy, in Brindisi since 1996;
- United Kingdom, in Haverhill since 1981.

These sites offer a wide variety of state-of-the-art technologies in Europe, and have strong track records, including:

- spray drying;
- micronization;
- solid phase chemistry (peptides and oligonucleotides);
- large-scale fermentation and downstream processing;
- flow chemistry;
- complex organic synthesis;
- high potency product manufacturing;
- development center: from kilo-lab to large pilot industrial.

This expertise, along with its very broad industrial footprint, allows the Group, for example, to be the sole Western manufacturer of vitamin B12 and the world's leading supplier of prostaglandins for large-scale commercial pharmaceutical production. It invested €40 million in France and €50 million in Budapest in 2023, in order to enhance the processes for both improving its productivity and its environmental impact of 2 types of APIs. The Group finalized the last quarter 2023 the acquisition of Biano, a German start-up specialized in the R&D and sales of oligonucleotide APIs.

Most of these technologies are unique in Europe and in order to maintain its technological advantage and expand its production capacity to meet clients' needs, the Group is also working on a repatriation plan and on improving manufacturing processes.

All manufacturing sites are now ISO 14001 (Environmental management systems) and ISO 50001 (Energy management systems) certified.

Responsible consumption and production:

The Group recognizes its role in addressing climate change and is committed to minimizing the environmental footprint of its activities by conserving water and energy, and to lessening its residual impact by reducing emissions, effluents and waste. Its environmental goals include:

- 100% of sites with electricity from renewable sources by 2025;
- 30% reduction in Scope 1 and 2 carbon emissions by 2030 (vs. the 2020 baseline);
- carbon neutrality of its operations by 2050.

The Group has started to reduce its CO_2 emissions through the decarbonization of its energy supply, notably with increasing consumption of renewable energies since 2022 and the study of new technologies to implement.

To reinforce this trend and improve chemical process efficiency, a Responsible Innovation Program was launched to develop existing projects and boost green chemistry projects, such as:

- the development of green chemistry;
- the implementation of biocatalysis technology to improve manufacturing processes;
- continuous chemistry process to be more energy efficient;
- waste management, by setting up a recycling process for toxic compounds.

In line with regulations, all substances used and produced by the Group presenting an environmental risk are identified, labeled, stored, handled, and shipped in a manner that prevents and mitigates accidental spills or releases into the environment. Prevention and emergency preparedness plans are in place to treat any chronic or accidental event presenting an environmental risk (air, soil, water, and groundwater) on- or off-site.

5.1.8 Evaluation and ratings

In order to guide and assess ESG strategy deployment, EUROAPI has solicited several independent third parties. Regular dialog with external stakeholders is key for evaluating EUROAPI sustainable performance and laying the groundwork for our future development.

2023 has shown good momentum for external positive recognition. Here are some of the main current ratings. See our website for more details: here.

Ecovadis silver medal

We have been awarded a silver medal by the ratings agency Ecovadis in July 2023.

Overall, EUROAPI ranks among the top 16% of manufacturers of basic pharmaceutical products and preparations rated by EcoVadis and in the top 3% in terms of our environmental performance.

EcoVadis is a world leader in business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chains.

CDP B Score

A "B" score was granted in February 2024 by the Climate CDP (Carbon Disclosure Project) for 2023. The scoring methodology of the CDP is fully aligned with regulatory boards and standards, and provides comparability in the market.

It indicates that EUROAPI is, as a company, addressing the environmental impacts of its business and ensures good environmental management. This relies on our efficient governance and strong HSE information management systems.

The CDP is an international non-profit organization based in the United Kingdom, Japan, India, China, Germany, Brazil and the United States that helps companies, cities, states, regions and public authorities disclose their environmental impact.

Other ESG Ratings for Investors

ESG rating providers offer a range of tools for assessing a company's performance and business model against ESG factors in terms of risks and opportunities.

ESG scores can be used to identify companies with strong ESG performance relative to their peers.

Agency	MSCI	ISS Quality Score	ISS ESG Corporate Rating	ecovadis	EthiFinance	SUSTAINALYTICS	CDP
Rating	**BBB**	**Governance: 3 Social: 1 Environment: 1**	**C-**	**Silver Medal**	**Silver Medal**	**Low Risk (20)**	**B**
Year	2022	2023	2023	2023	2023	2023	2023
Scale	From AAA to CCC	From 1 to 10	From A+ to D-	From Platinum (top 1%) to Bronze (top 50%)	From Platinum (above 80/100 and no ESG controversies identified) to Bronze above 50/100 and no significant ESG controversies identified)	From Negligible to Severe risk	From A to D-

5.2 COMMITMENT No.1: OFFER SAFE PRODUCTS AND A RESILIENT AND RESPONSIBLE SUPPLY CHAIN

Commitment 1

Level of progress

Programs

- Responsible procurement
- Responsible supply chain

Material Topics

- Product quality & safety
- Responsible procurement
- Positive impact on society
- Supply chain resilience

Main achievements

56 successful client inspections

Increase our offer with a catalog of 30 intermediates and reagents

46%
of sales from APIs used in medicines with acknowledged therapeutic interest*

For its first submission, EUROAPI received a silver medal from Ecovadis

*As compiled by the WHO (Jul 2023), the EU (Dec 2023), the ANSM (Jun 2023) and the BfArM (Jun 2023)

In a geopolitical context that affects the availability and prices of raw materials, drug supply has increasingly become difficult, in many part of the world,

Our portfolio accounts for over 200 APIs and 46% of the company's sales concerns APIs with an acknowledged therapeutic interest(1).

To reinforce its reliability as a supplier of the pharmaceutical industry, the Group set several initiatives to secure its medicine supply chain.

The Group has a good track record in quality and regulatory management and most of the molecules in our portfolio are used in long-established standard-of-care treatment guidelines.

Through its CDMO capabilities, the Group plays an active role in giving patients access to innovative medicines. Its service offering includes the manufacture of active pharmaceutical ingredients for use in pre-market clinical trials.

(1) *As compiled by the WHO (Jul. 2023), the ANSM (June 2023), the BfArM (June 2023) and the EU list of critical medicines (Dec.2023)*

5.2.1 Ensure product quality

Product safety is a key factor in being a reliable API supplier and thus in improving patient health and well-being.

In the healthcare industry, product quality is non-negotiable and as such is the cornerstone of our manufacturing process, which meets the most stringent standards. As a global exporter of medicines including to countries subject to strict regulatory frameworks, we have a strong track record in transparent communication, both with health and quality authorities and with our six manufacturing sites located in Europe.

In order to improve access to markets, we assist clients with the drug registration process and advise them on other regulatory matters in their respective countries.

Quality governance

To ensure up-to-date quality standards and regulatory compliance, Good Manufacturing Practices (GMP) regulations, pharmacopoeia, and other regulatory matters are closely monitored both centrally and locally. Reporting to the Chief Quality Officer, the Heads of Quality assist local quality assurance managers and sales teams across the network in communicating and delivering the Group's quality assurance process and oversee its implementation. An estimated 15% of our workforce are employed in quality assurance.

The quality management system is designed to offer flexibility and incorporates both the standards specific to each product range and client expectations. It is frequently updated to take into account anticipated regulatory changes.

Quality Management System

As an API manufacturer for the pharmaceutical industry, we are subject to stringent regulations designed to protect patient and employee health.

Our quality assurance processes meet industry standards including:

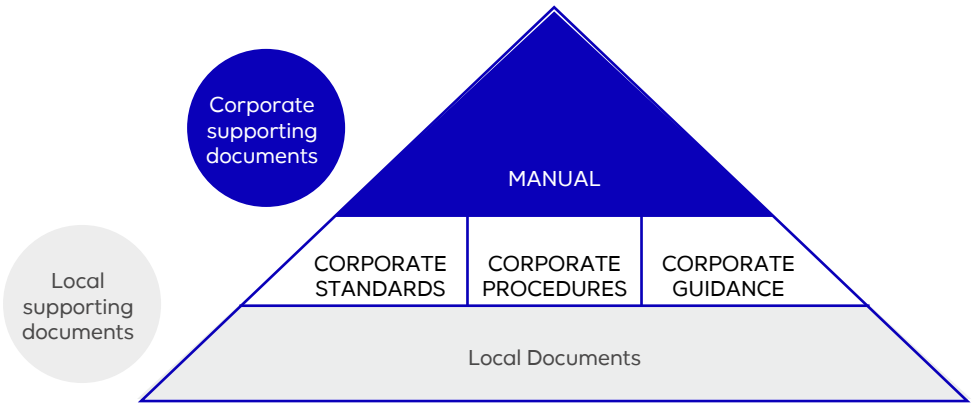
- The GMP, GLP and GDP and other international standards;
- FDA, MHRA, EMA, EDQM and other national guidelines;
- Guidelines published by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) which set out standards for pharmaceutical industry associations and authorities in the United States (FDA and PhRMA), Europe (EC and EFPIA), and Japan (MHLW/PMDA and JPMA), Switzerland, China, Brazil and Mexico;
- WHO guidelines.

Internal policies

The Group has also developed internal good practice documentation to ensure quality standards are applied consistently across the organization.

The documentation is aligned with regulations and Good Practice Guidelines (GxP) applicable to manufacturing processes.

They are categorized according to the relevant quality process and incorporate GxP regulated activities as well as other health regulations. The following chart illustrates the hierarchy of the Group's quality management system documentation:



The process to establish, review, approve and distribute internal standards as well as any supporting documents is detailed in a dedicated corporate procedure.

There is also a specific process to ensure compliance with national regulations in respect of pharmacopoeia, the standards governing products intended for medicinal human or veterinary usage. A specific Standard Operating Procedure (SOP) sets out the respective roles and responsibilities of the various stakeholders and how they relate to each other.

The Group publishes its GxP policies which are available for inspection by regulatory authorities.

At the top of the pyramid, the Group's quality assurance policy represents the cornerstone of our commitment to regulatory compliance and our clients. This policy sets out our aims and direction in terms of quality assurance. Our quality policy is overseen by the Chief Quality Officer, reporting to the Chief Executive Officer. It is communicated to employees across the organization.

Regular inspections and audits

Regular inspections of the Group's sites are conducted by both internal and external auditors, including government health inspection agencies, clients and suppliers.

Outcomes of the audits generally fall under two main categories:

- critical that requires immediate action and requires immediate CAPAs. These are observations representing
  - A situation of serious violation of the applicable legislation, guidelines or quality documents.
  - A situation that may make the product unfit for use or likely to present a risk for patient health, a missing quality system, an occurrence of fraud e.g. falsification of a product or a piece of information.

and

- other, including major or minor observations requiring the implementation of corrective action within a specific time-frame.

As illustrated in the following table, each of our sites has EMA and FDA approval, attesting to our quality standards. In 2023, an EMEA inspection took place in our Budapest site with no critical findings, a total of 56 client inspections took place at our sites, with no critical deficiencies identified.

	Last FDA inspection (1)		Last EMA (2) inspection		Client audits	
	Date	# of critical findings	Date	#of critical findings	# of audits 2023	% success (3)
Vertolaye	2019	No warning letter No 483 form (no observations)	2022	0	12	100%
Saint-Aubin-lès-Ebeuf	2016	No warning letter No 483 form (no observations)	2021	0	7	100%
Frankfurt	2019	No warning letter No 483 form (1 observation, closed)	2022	0	10	100%
Budapest	2019	No warning letter No 483 form (no observations)	2023	0	19	100%
Brindisi	2014	No warning letter No 483 form (no observations)	2022	0	6	100%
Haverhill	2017	No warning letter No 483 form (2 observations, closed)	2022 (4)	0	2	100%

(1) Since 2019, Mutual Recognition Agreement applies between FDA and Local European Health Authority
(2) EMA inspections are performed by local agencies (ANSM, AIFA, RP Darmstadt, OGYEII & NEBIH)
(3) A client audit is considered a success if it did not lead to client loss
(4) MHRA for UK
Note: All sites have a Japan FMA accreditation

EUROAPI products were not used in any of the products recalled from the market by the authorities in 2023.

Compliance with reinforced rules

Our manufacturing processes comply with official guidelines on the control of mutagenic impurities.

In order to limit the potential carcinogenic risk of selected APIs, we have evaluated all of our APIs to identify the risk of nitrosamine formation or (cross-)contamination. Therefore a multi-year program was developed to identify risks of mutagenic impurities in accordance with the guideline M7(R1) on the assessment and control of DNA reactive (mutagenic) impurities in pharmaceuticals published by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH). We have put remediation plans in place in accordance with official recommendations. Indeed, in October 2023 we announced that validation of a new process for our rifampicin API is in progress in order to meet the acceptable nitrosamine impurity limit. Rifampicin is among the most commonly used antibiotics in tuberculosis treatment and features on the World Health Organization's (WHO) list of essential medicines. We plan to implement new manufacturing processes at our Brindisi site (Italy) so as to offer our customers a premium quality rifampicin API with low levels of nitrosamine in line with official guidance.

In 2022, an internal assessment at our Budapest site highlighted deviations from good documentation practices, related to the preparation of production batch logs for a specific prostaglandin. A corrective action plan was defined and production resumed in January 2023. (Press release)

The Hungarian Health Authority carried out an inspection of our Budapest site on November 23-24, 2023 and confirmed that the plan is appropriate with no critical observations.

Animal welfare

As an API manufacturer, we do not manufacture drugs and therefore do not run clinical trials. As such, no animals are used in our manufacturing process nor in our quality assurance testing. We have no plans to test on animals in the future.

5.2.2 Secure continuity of supply

As a major supplier of healthcare products, EUROAPI plays a key role in the contribution to the health and well-being of patients.

In 2022, EUROAPI conducted a detailed risk analysis of our supply chain contributing to upskilling our workforce. In 2023, the Group recruited staff to logistical planning roles in an effort to streamline our logistical network and reduce our reliance on airfreight and make a shift towards maritime transport solutions in order to improve the resilience of our distribution network.

As a means of relieving the supply-chain pressures enhanced by the current geopolitical climate, we are improving our processes for sourcing raw materials. To achieve this, we have embarked on a number of major projects:

- The repatriation projects:
  - They are aimed at reprocessing in our own production sites the key raw materials identified as critical for EUROAPI. One intermediate for Ketoprofen manufacturing was successfully relocated at the end of 2022;
  - They include the launch of a catalog (here) of over 30 intermediaries intended for our clients who want to have new potential suppliers of small molecules, as well as prostaglandins, macrolides, reagents and excipients.
- Business Continuity Plan:
  The aim of our business continuity plan is to mitigate risks that may affect our ability to supply APIs. In 2023, a number of sites completed a process of risk analysis and began to draw up response plans and implement risk mitigation measures;
- The Mono-Sourcing Exit Program (MSEP):
  The aim of the MSEP is to increase the resilience of our supply chain, by reducing our reliance on the sole-sourcing of raw materials for a selection of critical APIs. The process involves an annual review of our product pipeline to assess which of our critical APIs are the most exposed to potential shortages and maintaining a safety stock of 55 critical raw materials. In 2023, the MSEP leads worked with the procurement team to roll this process out across all sites.

Reinforcing health sovereignty

Promoting health sovereignty is a key CSR mission and initiatives to improve the security of supply of essential medicines to France and Europe represents a major component of this. In 2023, these initiatives included:

- plans to invest in our production capabilities and maintain strategic stocks of morphine and its derivatives, as well as the antagonists used as antidotes. From 2026, we expect to commit €70 million in capital expenditure, of which approximately 15% on R&D and 85% on CAPEX. This will be partially funded through the French state's recovery plan, France 2030 (press release). Our position as France's biggest supplier of morphine-based medicines makes this especially important;
- €18 million in capital spending commitments at St-Aubin-lès-Elbeuf site between 2024 and 2027. As the only Western supplier of vitamin B12, boosting our manufacturing capabilities is vital and will go a long way to reducing our environmental impact;
- €31 million in capital investment at our Budapest facility between 2024 and 2027, thereby doubling our prostaglandin production capacity. Plans include a new workshop, a modern, energy-efficient air-conditioning system, solar panels and the introduction of a closed-loop waste management system. As the only Western supplier offering a full portfolio of prostaglandins and fully integrated production capabilities, in making these improvements we will go a long way to meeting increased demand and reducing our environmental impact;

- Our proposals to deliver innovative health infrastructure projects aimed at ensuring security of supply of critical medicines like macrolide antibiotics and corticosteroids. They have been submitted to the European Commission for review under the Important Project of Common European Interest (IPCEI) scheme (See press release).

The Group keeps paying attention to the sourcing of its raw materials through the follow-up of its suppliers' location. Therefore in 2023 we maintained the rate of our expenses to suppliers based in Europe to 71% vs. 29% based outside Europe.

In 2023, no product shortages were identified upstream or downstream of our value chain.

5.2.3 Ensure data and information system security

In a world where cyberattacks are becoming increasingly common, EUROAPI understands the importance of data security. Our cybersecurity strategy is built on four pillars:

- **protecting** our IT infrastructure using antivirus software and endpoint detection and response (EDR) solutions, as well as security patch management;
- **monitoring** the security of Company terminals and workstations;
- **detecting** threats, using various security measures to detect and classify security alerts and take appropriate actions via a security operations center (SOC);
- cybersecurity **Responsibility** awareness is led by the senior management, but as the first line of defense, and potential sources of infection are employees, they are expected to take personal responsibility. For this reason, we place a heavy emphasis on raising awareness and delivering training across the organization.

Under the responsibility of the Chief Digital Officer, the Head of Cybersecurity is managing the security team to ensure the effective implementation and management of the IT Cybersecurity roadmap. The cybersecurity roadmap is defined and deployed at Group level and with local teams on each manufacturing facility (involving Site Head responsibility) and ensuring site-level compliance with the roadmap and strategy.

The IT team, which is trained in cybersecurity crisis response, commissions external auditing firms to assess the security of sites from the perspective of IT infrastructure and operations, and performs its own security checks, particularly on the most commonly used software.

A set of documents (standards, policies, procedures) applies to IT support functions users and to IT system administrators. They are enforced by local site managers who are responsible for implementing the road map at their facility.

Our network security implementation was drawn up in 2023 with the purpose of protecting our systems, detecting threats and maintaining the sovereignty of our network. An initial cybersecurity risk mapping was carried out to align the cybersecurity roadmap with the main risks identified. A cybersecurity business line has been adapted to the Group context, within a global cybersecurity organization and relayed on each site.
In addition, to develop protection at employee level, a cybersecurity awareness program was put in place, via a specific platform, providing a library of activities to reinforce the understanding of cyber risks amongst the employees. Different resources are available: cyber training, questionnaires, poster templates, videos, simulated phishing templates (as we make more exercises), etc.

5.2.4 Implement responsible procurement

Procurement practices are a key factor in supply chain security. Supplier selection and cooperation are vital if we are to be seen as reliable partners in the pharmaceutical value chain and achieve future success as a company.

The Procurement Department is overseen by our new Chief Procurement Officer (CPO), who joined EUROAPI in 2023, bringing with her a background in responsible procurement practices. The team works both out of head office and at local sites and is responsible for performing due diligence checks and ensuring the new suppliers of raw material have signed all documents requested for the qualification process.

Given our large portfolio of APIs, we rely on a wide range of suppliers. To ensure operational continuity, we source raw materials, products and services from some 4,000 suppliers, either through a process of direct procurement (raw materials such as solvents, organic intermediates, natural resources, mineral products, acids and bases, etc.) or indirect procurement (IT, professional services, consultancy, CAPEX, maintenance and repair, etc.).

Following a risk mapping exercise conducted in 2022, raw material suppliers were categorized according to their impact on manufacturing processes and prices.

In the past year:

- European suppliers accounted for over 71% of our total raw material expenditure (*vs* suppliers in China and India: 24% vs. other countries in the world 5%).
- Our 10 biggest raw material suppliers accounted for approximately 32% of our total raw material expenditure and 51% of that raw material has at least a dual sourcing.

Our Procurement Department also plays a key role in delivering our Mono-Sourcing Exit Program (MSEP), collaborating with our operational teams on business continuity planning (see chap.5.2.2 - Secure continuity of supply).

Our Supplier Code of Conduct sets out the basic principles we expect our suppliers to follow, including in respect of human rights, working conditions, environmental protection and anti-corruption measures and is published on our website. Our suppliers are also required to sign up to our Code of Ethics. Both of these policies are a mandatory part of the onboarding process for new suppliers.

Our Supplier Relationships Charter is also available on our website and sets out the rules of conduct to be observed by all employees in their dealings with suppliers. The Charter is intended to raise awareness of our ethical standards, promote respectful relationships with our suppliers and discourage unethical conduct.

In addition to these company-wide policies, since 2023, all suppliers of raw materials have been asked to fill out an ESG survey as part of the qualification process.

Qualification process

At each site, buyers are responsible for getting the feedback for the qualification process of our suppliers, that is subject to Group oversight. The process has included processing survey responses since January 2023, signing suppliers up to our Code of Conduct and Code of Ethics.

The procedures put in place have for objective to ensure compliance of our suppliers' standards regarding sustainability, labor rights and working conditions.

All new suppliers of raw materials are subject to our Supplier Code of Conduct and Code of Ethics and are expected to complete the ESG survey. In 2023, 61% of them completed our ESG questionnaire, 87% responded to the Code of conduct and 87% to the Code of Ethics, though our objective is to achieve 100% feedback on a yearly basis.

The questionnaire will enable us to calculate a score for our suppliers based on five key topics:

- Ethics;
- Finance;
- Corporate Social Responsibility (CSR);
- Health, Safety & Environment (HSE);
- Cybersecurity.

These scores will be used to improve our supplier qualification in 2024.

Once the Procurement Department has identified a potential supplier, the Quality Assurance Department carries out compound screening on the product.

Audits, third-party assessment and GMP validation may also be used, the ultimate goal being to conduct a thorough assessment of the compliance and sustainability of any potential suppliers.

Responsible procurement program

The Group is committed to upholding human rights, occupational health and safety and environmental standards both in its own operations and throughout its supply chain. It considers cooperation with its suppliers as a means of embedding sustainability across the whole value chain.

As such, plans are in place for new policies and procedures aimed at incentivizing suppliers across our value chain to strengthen working conditions and employment rights.

The Group keeps paying attention to the sourcing of its raw material through the follow-up of its suppliers' location. Therefore in 2023 we maintained the rate of our expenses to suppliers based in Europe to 71% vs. 29% based outside Europe.

As part of our responsible procurement commitments, we have plans to join forces with industry peers to develop joint policies for shared suppliers. In early 2023, we submitted an application to join the Pharmaceutical Supply Chain Initiative (PSCI), a non-profit membership organization that brings together pharmaceutical companies and API manufacturers, with the aim of promoting responsible supply chain practices and joint supplier audits. Our application is currently ongoing.

5.3 COMMITMENT No.2: ACCELERATE INNOVATION FOR ENVIRONMENTAL SUSTAINABILITY

Commitment 2

Level of progress

Programs

- Toward responsible innovation
- Environnmental footprint and waste reduction

Material Topics

- Responsible innovation
- Fight against climate change
- Environmental footprint production
- Responsible waste management

Target Achievement Rate

100% of the objective reached for 100%
of the sites are ISO 14001 and ISO 50001 certified

83% of sites purchase 100%
electricity from renewable sources

65% of the -30%
CO_2 reduction objective by 2030

Main achievements

75%
of our R&D projects contribute to improving the Group's environmental impact

25%
of our energy consumption is from renewable sources

71%
of our solvent consumption is recycled

For its first submission, EUROAPI received "B" score from CDP climate

Aware of the environmental challenges that society is facing, the Group has established, on the one hand, programs that are incrementally improving existing processes in terms of water consumption, CO_2 emissions, energy consumption and waste management, and on the other hand, a program and partnerships that are significantly changing the process of producing APIs.

This twofold approach allows for both a mid-term and long-term vision, enabling sustainable growth for the Group as environmental, physical and transition risks are addressed.

All of the Group's sites were certified ISO 14001 (environmental management) and ISO 50001 (energy management) in 2023.

We intend to reduce our absolute scope 1 and 2 CO_2 emissions by 30% by 2030 (compared to 2020) and have begun working with suppliers and clients to reduce scope 3 emissions. Further external partnerships and assessments will help us to deliver an environmental strategy that is aligned with the Paris Agreement decarbonization agenda and to reach the goal of Net Zero by 2050.

In October 2023, we announced a strategic review (Press release October 9, 2023) which may result in the adaptation of investments and programs from 2024.

5.3.1 Toward responsible innovation

EUROAPI's ability to provide clients and patients with adapted active-ingredient health solutions is driven by our capacity to innovate. With a long history in active ingredient manufacturing, the Group is aware that responsible innovation is critical for sustainable growth and manufacturing performance.

New Global R&D organization

In May 2023, EUROAPI announced a new, global R&D structure aimed at improving processes, extending our API portfolio enabling Contract Development and Manufacturing Organization (CDMO) growth and driving responsible innovation (Group news).

It enables the Group to become a more flexible, agile and science-driven organization with project delivery and customer satisfaction, EUROAPI is moving from a regional to a functional model.

As a step towards our goal of becoming a global leader in process research and development, Euroapi's organizational structure will be overhauled, with the six regional departments set to give way to five technological platforms:

- Small Molecules Early stage;
- Small Molecules Late stage;
- Peptides & Oligonucleotides;
- Biotechnology;
- Particle Engineering & Unit Operation Design.

In order to reinforce the Group's R&D sustainable innovation, a position of Head of Innovation was created in 2023. The Chief Research and Development Officer is supervising a team of project managers and coordinators as well as the R&D innovation portfolio manager. Local deployment is ensured at site level through the dedicated R&D Teams.

The innovation strategy will be driven by improved chemical-process efficiency and economics. Improved chemical-process efficiency and economics are based on the 12 well-defined "principles of green chemistry that will remain central to the new strategy[(1)]".

A number of internal innovation projects were implemented and developed in 2023. As of November 2023, over 75% of these were aimed at reducing the Group's environmental impact. The main projects are based on the following technologies:

- biocatalysis technology: in order to reduce our environmental impact, this technology has been implemented for intermediates and with partners specialized in enzyme engineering, especially at the Frankfurt and Budapest sites. We expect this technology to be rolled out to other sites;
- flow chemistry (continuous chemistry): our first initiative at the Haverhill site is expected to be rolled out to the Frankfurt site. This technology is more energy-efficient and offers better real-time analysis. It generates less hazardous waste and uses greener solvents and reagents, helping us to design chemical products that are more eco-friendly;
- biochemistry intensification: this biotechnology is relevant for our fermentation sites in Brindisi and Saint-Aubin-lès-Elbeuf. The chemical processes involve fewer steps, since they are based on fermentation with micro-organisms for the synthesis of active molecules.

EUROAPI is a key partner in several IPCEI programs (Important Project of Common European Interest). Its application is currently under review by the European Commission.

For the French IPCEI, the Group has submitted innovative projects to help meet the demand for critical medicines that are currently imported such as macrolide antibiotics and corticosteroids. These projects present disruptive environmental innovations (press release).

Finally, providing staff training is crucial in order to develop these new technologies and a number of courses are currently available for R&D teams.

As an example, in 2023, the Brindisi's site team expanded its skillset to include the production of active enzymes through bio catalysis by fermentation. A white paper was published in January 2024 (link).

(1) *12 Principles of Green Chemistry - ACS Green Chemistry Institute®: http://www.acs.org/content/acs/en/greenchemistry/what-is-green-chemistry/principles/12- principles-of-green-chemistry.html*

Next steps

PMI (Process Mass Intensity) and E factor (CDMO, PI/PE, innovation) are currently being rolled out as metrics to track the Group's environmental performance. We aim to train staff across the organization in the use of these metrics in 2024.

This will enable teams to implement new evaluation criteria on a routine basis. The implementation of these metrics will help the Group to document and reduce the environmental impact of its activities.

We continue to collaborate with external research groups to improve our environmental footprint via more effective and greener processes; including by leveraging new technologies..

In the medium and long term, we aim to take these successful sustainability initiatives out of the lab and roll them out to production plants based on agreed objectives and time-frames.

5.3.2 Minimize the Group's environmental impact

The Group is driving constant improvement in industrial practices, using all available means to limit the direct and indirect environmental impact of its activities.

The manufacture of active pharmaceutical ingredients is energy-intensive and involves numerous stages that often require extremely low or high temperatures and products made of petrochemicals or minerals, and the Group operates in a restrictive legislative and regulatory environment with respect to environmental protection, public health and safety.

As part of our responsible manufacturing commitment, we are working on improving our practices, including by optimizing energy and water consumption and reducing waste and emissions. As such, we have set short-term (2025-2030) and long-term (2050) objectives to reduce our carbon emissions and drawn up associated action plans. €40.5 million is provisioned for this remediation plan.

Under the responsibility of the Chief Operating Officer, the HSE Department is overseen by the Head of HSE who is responsible for delivering the Group's environmental strategy and overseeing the implementation and management of associated programs.

The measurement and monitoring of environmental indicators is managed at site level by HSE Site Managers. The Environment Team's remit includes energy, water, waste and emissions management. It is also responsible for consumption programs and initiatives across all operations.These initiatives form an integral part of the Group's global HSE Policy and its Environmental Fact sheet which are available on the Company's website. Environmental metrics and performance are reported and reviewed regularly by the Board of Directors' ESG Committee (see Section 5.1.6 "The Group's ESG governance" for further details).

As a first step towards optimizing both energy and water consumption, in addition to reducing waste and emissions, all manufacturing sites of the Group are now certified ISO 14001 (environmental management systems) and ISO 50001 (energy management systems). Those certifications ensure that the Group is constantly working on improving its practices regarding the management of energy (reducing the use of energy per unit produced) as well as for the ISO 14001 to constantly optimize water use, waste reduction and air emissions quality.

	ISO 14001 Environmental Best pratice	ISO 50001 Energy management Best pratice
Vertolaye	Since 2000	Since 2023
Elbeuf	Since 2022	Since 2017
Frankfurt	Since 1999	Since 2012
Budapest	Since 2006	Since 2016
Brindisi	Since 1999	Since 2023
Haverhill	Since 2023	Since 2023

ISO 50001 certification granted to Haverhill site in 2024 based on Oct. 2023 audit.

In 2023, in order to address client requests, three of the Group's sites were audited according to PSCI principles. Audits can be shared with the Group's clients that are member of PSCI on request.

Evaluating the Group's Environmental Impact

The Group measures and monitors its GHG (Greenhouse gases) emissions and reports them in line with the GHG Protocol methodology. We monitor and control such emissions to comply with statutory requirements and to reduce them beyond regulatory requirements.

GHG emissions are categorized into three groups: Scope 1 and Scope 2 cover emissions from our operations and energy use, while Scope 3 includes all other indirect emissions that occur in our value chain.

In order to improve reporting accuracy and to have indicators closer to reality, the Group has significantly evolved its calculation method in 2023. That is affecting:

- the perimeter covered: it now includes Francopia activities and trading activities emissions such as Reverse Manufacturing and Supply Agreements, as well as an exhaustive calculation of upstream transportation and distribution not covered previously
- the methodology used, that has been updated, in order to include:
  a) the latest World Business Council for Sustainable Development (WBCSD) guidelines for Chemicals concerning sales of energy and to be aligned with GHG Protocol guidelines for the purchase of indirect goods and services
  b) the latest and up to date emission factors and emissions sources.

In order to be able to identify trends that are closer to reality, emissions changes were calculated between last year's methodology and last year's perimeter 2023 emissions (2023 LY metho.) and corrected 2022 emissions. More details on calculation methods are available in Section 5.7.1 "Methodology note on non-financial reporting".

Results for direct emissions show that in 2023:

a) Scope 1 emissions growth was contained to a 2% increase vs 2022 due to reductions in energy consumption and increases in refrigerant liquids consumption;

b) Scope 2 emissions (market-based methodology), were reduced by 12% vs 2022 due to the increase of sold energy.

c) The Group has taken the commitment to reduce its direct emissions (scopes 1 & 2) by 30% by 2030 compared to 2020. In 2023, the Group's direct emissions decreased by 20%[1] compared to 2020, which puts the company on track to meet its 2030 objectives.

[1] *Change is calculated between 2023 new methodology (notably alignment with WBCSD for Chemicals guidelines concerning sales of energy) and 2020.*

Scopes 1 & 2 emissions (in metric tons of CO_2e)	2023	2022 corrected	2021	2020	Change due to Euroapi activity (2023 LY metho and LY perimeter** vs 2022 corrected)	
Scope 1 GHG emissions	63,086	61,250	73,582	74,043	2%	*
Scope 2 GHG emissions	28,614	30,061	27,371	40,003	-12%	*
Total Scopes 1 & 2 GHG emissions	**91,700**	**91,311**	**100,953**	**114,046**	**-2%**	*

** Rolling year Q4 2022 - Q3 2023 for energy and waste.*

Results for indirect emissions show that Scope 3 emissions growth was stable in 2023 vs 2022 due to a decline of purchased goods and services.

Scope 3 emissions are calculated for each category outlined in the GHG Protocol.

These calculation method improvements identify action levels for the decarbonization road map that will be focusing on waste management and transportation (upstream transportation, distribution, business travel and employee commuting).

Scope 3 GHG emissions (in metric tons of CO_2e)	2023	2022 corrected*	2021	Change due to Euroapi activity (2023 LY metho and LY perimeter** vs 2022 corrected)	
1. Purchased goods and services	397,812	280,661	313,117	-6%	
2. Capital goods	16,086	35,031	22,219	-6%	
3. Fuel and energy-related activities	29,648	24,698	23,650	-8%	***
4. Upstream transportation and distribution	23,719	22,906	22,906	+4%	**
5. Waste generated in operations	144,505	136,287	132,665	+6%	***
6. Business travel	996	526	2,000	+89%	
7. Employee commuting	6,237	5,445	4,873	+15%	
8. Upstream leased assets	N/A	N/A	N/A	/	
9. Downstream transportation and distribution	N/A	N/A	N/A	/	
10. Processing of sold products	76,235	78,138	117,448	-2%	**
11. Use of sold products	N/A	N/A	N/A	/	
12. End-of-life treatment of sold products	9,828	6,885	6,554	+43%	**
13. Downstream leased assets	N/A	N/A	N/A	/	
14. Franchises	N/A	N/A	N/A	/	
15. Investments	N/A	N/A	N/A	/	
Total Scope 3 GHG emissions	**705,065**	**590,577**	**645,432**	**-2%**	

* *Error in calculations that does not qualify as a methodology change: error of unit, error in calculation formulas.*

** *When "2023 LY metho and LY perimeter" is not available, evolution is calculated between 2023 and 2022 corrected. See Section 7.7.1 Methodology note on non-financial reporting for LY data.*

*** *Rolling year Q4 2022 - Q3 2023 for energy and waste.*

Fighting climate change

The Group is aware that companies have a crucial role to play in contributing to the fight against climate change. Since 2020, the Group has set itself an ambitious target of reducing direct CO_2 emissions from owned or controlled operations (Scope 1) and indirect CO_2 emissions from the generation of purchased or acquired energy consumed by the Group (Scope 2), by 30% by 2030 vs. 2020.

In addition to its global policies, the HSE Department has developed a set of internal standards outlining the procedures for monitoring, measuring and reporting the environmental indicators required to calculate Scope 1, 2 and 3 emissions and products' carbon footprints. The standards are regularly reviewed and updated when necessary to ensure compliance with applicable laws and regulations, as well as to incorporate any specific risks associated with EUROAPI's activities.

In 2023 the Group decarbonization road map was finalized and presented to the ESG SteerCo. It was based on internal consultation of ongoing investments, scope 1,2,3 data published in 2022 and external expertise for the methodology and the modeling of reduction potentials. Decarbonization levers and a clear set of actions were identified to allow alignment with the Paris Agreement.

However, in light of the recently announced strategic review (Press Release), assumptions concerning business growth, portfolio perimeter and company expansion might have to be revised, depending of the outcome of this review. As a result, an updated version of the decarbonization road map of the Company might have to be reviewed and validated in 2024.

Consequently, the decarbonization road map presented below is not aligned anymore with overall business strategy and financial planning. However, it is this analysis and methodology that will be used for review in 2024.

Roadmap for reducing the Group's direct GHG emissions (Scopes 1 &2)

In 2023, Scopes 1&2 represented 11 % of EUROAPI's carbon footprint.

It includes 8% of direct CO_2 emissions from owned or controlled operations (Scope 1) and 3.5 % of indirect CO_2 emissions from the generation of purchased or acquired energy such as electricity, steam, heating and cooling consumed by the Group (Scope 2).

Absolute reduction targets for scope 1 and scope 2 are aligned with the Paris Agreement when, at a minimum, scope 1 and scope 2 near-term targets are consistent with the level of decarbonization required to keep the global temperature increase to 1.5°C compared to pre-industrial temperatures.

Therefore, the Group's minimum ambition was -42% by 2030 from baseline year (2022) for its decarbonization road map. It could have been reached with a total of 33 actions totaling an investment of € 41 million in addition to a business-as-usual scenario.

5 main actions (exiting or to be developed) were identified as representing 84% of the decarbonization potential from 2022 to 2030:

5 Main Actions	Decarbonization potential	Description
Biomass Boiler in Elbeuf	55%	New generation biomass boiler, the equipment would use waste wood (Grade B). It could also allow the production of green electricity by using cogeneration technology.
Green electricity purchase at the Frankfurt site	12%	EUROAPI has a commitment to have 100% of its sites use electricity from renewable sources. It is the case for all its sites, except for the Frankfurt site that will purchase green electricity from 2025.
Hot water network in Brindisi site	7%	Create a hot water network and recover heat waste from chillers and waste heat (condensates).
Fatal heat recovery from Incinerator in Vertolaye site	7.5%	Reinstall a heat exchanger on incinerator Create a steam network from the incinerator to the site for connection to the existing steam network
Photovoltaic panels at the Haverhill site	2.5%	Solar farm generating renewable energy to sustain the manufacturing facility for the next 30 years.

More data on energy efficiency and renewable energies are available in the next section.

Roadmap for reducing the Group's indirect GHG emissions (scope 3)

In 2023, Scope 3 represented 88.5% of EUROAPI's carbon footprint.

In order to be aligned with the Paris Agreement, near-term scope 3 targets (covering the entire value chain or individual scope 3 categories) must be aligned at a minimum, with methods consistent with the level of decarbonization required to keep the global temperature increase well-below 2°C compared to pre-industrial temperatures. Therefore, the Group's minimum ambition was -25% by 2030 from baseline year (2022) for its decarbonization road map.

This objective could have been reached from an estimated business as usual assumption, with a set of 3 categories of actions, exiting or to be developed. The CAPEX required has not been estimated. Most of the actions address the decrease of purchased goods and waste treatments emissions as they represented 49% of the Group's carbon emissions in 2023.

3 categories of actions	Decarbonization potential	Examples of KPI
Solvents regeneration and selection	27%	Internal recycling rate (%), Total bio solvents used compared to 2022 baseline (%)
Sustainable purchasing, Process Improvement and Transportation Optimization	30%	Acids, bases and alcohol used compared to 2022 baseline (%); Diatomeous earth consumption reduction compared to 2022 baseline (%); Resin reduction compared to 2022 baseline (%), Volume switched from air to sea freight among candidates compared to 2022 baseline (%); Trucks switched to ecofuel (%); Total air business trips reduced (%); carpooling rate.
Responsible Innovation	43%	Product /processes carbon footprint

An updated version of the decarbonization road map of the company might have to be reviewed and validated in 2024 in light of the strategic review outcome.

Set long-term (2050) targets is the second step on the road to Net Zero

EUROAPI has initiated in 2023 discussions about the long-term target's actions.

In the long-term, emissions in the Science Based Target initiative cross-sector pathway must be reduced by at least 90% and most sector-specific pathways also reduce CO_2 emissions by 90% or more from 2020 levels.

Consequently, long-term targets for the Company should be equivalent to at least a 90% absolute reduction across scopes.

Identified preliminary results for the Group showed that it would necessitate at least sustaining the near-term very ambitious decarbonization pace after 2030. Further investigations will be done after the strategic review outcome.

Improving energy efficiency and increasing use of renewable energies

To address the challenges of reducing fossil fuel resources and positively impact climate change, the Group has adopted an approach that combines energy efficiency (consume less and consume smarter) with the decarbonization of energy supplies (consume differently).

With 100% of the sites certified ISO 51001, and within the framework of its ESG Policy, the Group has developed a strategy for improving energy efficiency across its operations and increasing its use of energy derived from renewable sources.

The strategy is centered around the following elements:

- integrating energy efficiency in the design and choice of energy consuming equipment;
- choosing carbon-neutral designs for all new buildings;
- implementing energy recovery processes;
- producing renewable energy on Company sites (self-generation); and
- increasing purchases of electricity from renewable sources.

In 2023, solar photovoltaic panels have been installed in Haverhill and the same project is planned for Brindisi. Several projects are being assessed in the continuity of 2022 such as the biomass boiler in Elbeuf, the hot water network in Brindisi site and the fatal heat recovery from incinerator at the Vertolaye site.

Haverhill solar farm operational in 2023

The Group's energy consumption was stable with an increase of the renewable energy consumption, representing 25% of our total consumption in 2023.

Energy consumption by source (MWh)		2023	2022	2021	Change vs 2022 (%)
Renewable	Renewable electricity (purchased)	148,891	143,646	163,553	+3.7%
	Renewable electricity (generated on-site)	8.4	8.0	12.0	+5.0%
	Total renewable energy consumption	**148,899**	**143,654**	**163,566**	**+3.7%**
	% Total renewable energy consumption	25%	24%	27%	
Non-renewable	Non-renewable electricity	21,489	21,392	3,734	+0.5%
	Natural gas	326,569	332,470	327,047	-1.8%
	Waste-to-energy	7,071	6,775	5,809	+4.4%
	Other non-renewable energies (steam, chilled water, compressed air, etc.)	100,444	97,646	98,764	+2.9%
	Total non-renewable energy consumption	**455,573**	**458,283**	**435,354**	**-0.6%**
	Total energy consumption	**604,472**	**601,937**	**598,920**	**+0.4%**

Optimizing water management

The Group is committed to the responsible management of water in order to have environmentally sustainable and socially equitable usage of this essential resource. The Group's industrial activity requires significant use of water, an essential element in the production of APIs and necessary for the operation of industrial sites and equipment.

Water usage is necessary at 3 different steps of the manufacturing processes: for the synthesis of APIs, for heating or cooling some processes and for the cleaning of the production unit.

Mindful of the water-dependent nature of API production and in line with its Environmental Factsheet, the Group encourages sites to set up a water efficiency program, such as recycling methods. Several sites have implemented a closed loop water system, for reuse of recycled water.

As a result, in 2023, in the context of the climate-related risk assessment, water stress analysis was conducted for all EUROAPI sites. The risk mitigation efforts will be pursued in 2024. More details in Section 3.2 Risk Factors.

An illustration of the sites' commitment to water management is the Responsible Care® "Environment" Trophy won by the Vertolaye site, in the category for the management of water resources. A new process enabling the site to return 97% of the water to nature after internal treatment was appreciated.

Responsible Care® Trophy - ChimieAURA

In 2023, however, total water withdrawal of the Group increased by 11%. This is due to fermentation activities development, that requires a higher amount of water.

Water withdrawal by source (in thousand m^3)	2023	2022	2021	Change vs 2022 (%)
Public supply	1,330	1,411	1,377	-5.7%
Other supplier	10	19	31	-48.2%
Surface water	4,220	4,216	4,903	0.1%
Groundwater	14,009	11,915	14,692	17.6%
Total water withdrawal	**19,570**	**17,561**	**21,004**	**11.4%**

On average, an estimated 23% of the water consumed on the Group's sites has been recycled or reused over the three years presented.

Water consumption (in thousand m^3)	2023	2022	2021	Change vs 2022 (%)
Water recycled / reused on site	4,442	4,885	4,809	-9.1%
Total water consumption	**19,127**	**18,352**	**16,806**	**4.2%**

The difference between total water consumption and total water withdrawal is explained in the methodology note (see Section 5.7.1 “Methodology note on non-financial reporting”).

In 2024, a detailed water stewardship roadmap will be developed. It will consider evolving climate-related challenges and changing legislation. It will include:

- implementation of a water efficiency program at each industrial site, adapted to site-specific requirements;
- prioritization of industrial sites presenting higher water-related risks;
- continuous assessment of water-related risks; and
- consideration of water use at product level (product water footprint).

Improving waste management and promoting responsible consumption

The synthesis of APIs is dependent on chemical processes that generate waste as a by-product. The Group generates, through its industrial activity, hazardous and non-hazardous waste classified according to the legislation in force.

The reduction of waste arising from its operations, especially through greener chemistry, is one of the Group’s environmental sustainability priorities, since emissions related to waste account for approximately 20% of the Group’s total Scope 3 emissions.

Amongst the set-up actions (see Section 5.3.1 "Toward responsible innovation"):

- the introduction of green chemistry in our processes contributes to reducing our environmental impact;
- overall particular care is provided in reducing the consumption of non-renewable raw materials used in manufacturing processes.

The HSE Department set up a waste management policy (see our Environmental Factsheet) and outlined the procedures for monitoring, measuring and reporting environmental indicators related to waste production and raw material consumption.

The initiatives put in place have enabled a slight reduction of -1% of hazardous waste between 2022 and 2023. However, total waste produced in 2023 at the Group’s industrial sites increased by 2% versus 2022, due to operational issues with several waste water treatment plants. Operational amendments such as oxygenation systems are under investigation in order to increase the management of the water treatment processes in the future.

Waste produced (in metric tons)	2023	2022	2021	Change vs 2022 (%)
Hazardous waste	54,938	55,307	53,414	-0.7%
Non-hazardous waste	45,667	43,361	42,780	+5.3%
Total waste produced	**100,605**	**98,668**	**96,194**	**2.0%**

The difference between hazardous and non-hazardous waste is explained in the methodology note (see Section 5.7.1 “Methodology note on non-financial reporting”).

The rate of material recycled (quantity of waste recycled as a percentage of total waste produced) achieved has increased for hazardous waste by 5%, while it decreased by 3% for non-hazardous waste.

It is the result of higher production volumes and product mix changes, which does not systematically enable recycling, as possibilities differ from product to product. In 2024 we plan to identify the best available waste treatment options.

Waste recycled (in metric tons)	2023	2022	2021	Change vs 2022 (%)
Hazardous waste	8,276	7,883	7,924	+5.0%
Non-hazardous waste	25,344	26,180	25,794	-3.2%
Total waste recycled	**33,620**	**34,063**	**33,718**	**-1.3%**
Rate of material recycled	33.4%	34.5%	35.1%	-3.2%

The increase in landfill disposal is due to the interruption of an energy recovery partner. Alternative partners and back-up for waste treatment for energy recovery are under investigation.

Two of its six industrial sites have maintained “zero waste to landfill” in 2023.

Waste sent to authorized landfills (in metric tons)	2023	2022	2021	Change vs 2022 (%)
Hazardous waste	1,425	1,539	1,359	-7.4%
Non-hazardous waste	7,782	3,656	5,035	+112.9%
Total waste to landfill	**9,207**	**5,195**	**6,394**	**77.2%**
Rate of landfill disposal	9.2%	5.3%	6.6%	+73.8%

Waste incinerated with energy recovery (in metric tons)	2023	2022	2021	Change vs 2022 (%)
Hazardous waste	17,846	19,085	16,613	-6.5%
Non-hazardous waste	388	2,118	2,450	-81.7%
Total waste incinerated with energy recovery	**18,234**	**21,203**	**19,063**	**-14.0%**
Rate of energy recovery	18.1%	21.5%	19.8%	-15.7%

Other waste treatment methods are used at the Group’s industrial sites depending on the specific nature of the waste to be treated and the most appropriate method available. Total waste treated with other methods is calculated as a percentage of total waste produced.

Waste treated with other methods (in metric tons)	2023	2022	2021	Change vs 2021 (%)
Hazardous waste [(1)]	27,391	26,801	27,518	+2.2%
Non-hazardous waste [(2)]	12,153	11,407	9,500	+6.5%
Total waste treated with other methods	**39,544**	**38,208**	**37,019**	**3.5%**
% total waste	39.3%	38.7%	38.5%	+1.5%

(1) Includes the treatment of water containing chemical agents via incineration.
(2) Includes the off-site treatment of brine water.

Following an increasing demand for certain products and therefore a higher need for solvents, the Group has launched a program broken down into different steps for solvent recovery.

One of our most effective projects in 2023 was to successfully recover toluene used in the antihistamine fexofenadine production, implemented at the Frankfurt site. This project has internally recycled 1,100 tons of toluene, resulting in a reduction of 1,780 t CO_2 emissions.

EUROAPI is working on a roadmap for 2030, that will contribute to minimizing our environmental footprint and our decarbonization process.

Solvent consumption (in metric tons)	2023	2022	2021	Change vs 2022 (%)
Solvents consumed	87,595	83,275	79,117	+5.2%
Solvents regenerated	62,246	56,213	50,581	+10.7%
Rate of solvent recycling	71.1%	67.5%	63.9%	+5.3%

Reducing emissions into air, water, soil and subsoil

Solvents are required for API production and are highly regulated due to their volatile nature and associated emissions factor. They are used by the Group, either purchased or regenerated on site, and they are used in compliance with the recommendations for proper use established at the Group level.

The Group encourages the optimization of processes, and regeneration, where possible, in order to reduce the quantity of solvents consumed (see Section 3.2.2 (b) "Risks related to supply difficulties, raw material and energy costs, and relationships with certain suppliers and subcontractors" of the Universal Registration Document).

The Group keeps on working on the reduction of the emissions of volatile organic compounds (VOCs) resulting from the synthesis of APIs. To achieve this objective, it promotes an integrated approach at each stage of product development, from research to production, which is designed to:

- limit the use of solvents by substituting biological processes for chemical ones;
- promote the recycling of solvents;
- select the least toxic solvents;
- reduce emissions at source by adapting manufacturing processes accordingly and implementing maximum containment of solvent use; and
- capture and appropriately treat any residual VOC emissions through the implementation of abatement technologies such as cryogenic capture, gas scrubbers, thermal oxidizers or activated carbon.

The Group is also committed to controlling wastewater discharge at its industrial sites. It proactively pursues programs that are designed to:

- monitor and control water discharged into the environment according to requirements defined by local permits;
- reduce the quantities of wastewater discharged at source; and
- employ advanced treatment methods at site level, such as ozone or activated carbon, where appropriate.

With respect to soil and subsoil, the Group has implemented a systematic multi-year program of monitoring and studying soil and shallow and deep aquifer water at its sites. The Group continuously reviews any necessary remediation work and implements appropriate rehabilitation work in collaboration with national and local authorities.

In addition to its global policies, the HSE Department has developed a set of internal standards which outline the procedures for monitoring, measuring and reporting environmental indicators related to VOC emissions and other releases into the air, water, soil or subsoil at each site. For example at Saint-Aubin-lès-Elbeuf's manufacturing site the manufacturing process was improved with the objective to reduce the quantity of wastewater discharged.

At the Vertolaye site, the pilot initiated for decreasing VOC emissions was not conclusive and the Group maintains efforts to look for alternatives to reduce VOC emissions.

In line with its solvent recovery program, the Group has an internal standard for banned solvents (such as diethyl ether, benzene, propionitrile, etc.) with which all industrial facilities comply.

Environmental analysis of the Group's sites is carried out periodically to identify any actual or potential impact on the environment, and to define priorities in terms of environmental protection action plans and monitor progress.

VOC emissions have continued to decrease thanks to initiatives at the Group's sites. In particular, VOC emissions of the Group decreased by 14% as a benefit of the investments in our some of our incineration systems. However, the Group's Ozone Depleting Substance (ODS) emissions for 2023 increased by 37% due to equipment failures. Equipment is to be replaced and early detection for leaks will be put in place.

Air emissions	2023	2022	2021	Change vs 2022 (%)
VOC emissions (in metric tons)	1,219	1,413	1,338	-13.7%
ODS emissions (in kilograms)	358	261	545	+37.2%

The larger quantity of water that was used for our production also impacted the quantities of wastewater discharged (+ 10%).

Wastewater discharged (in thousand m^3)	2023	2022	2021	Change vs 2022 (%)
Wastewater discharged (in thousand m3)	23,900	21,786	25,492	+9.7%

Due to the sanitary authorities' different requirements for each of its sites, the Group does not report indicators related to the quality of water discharge. However, water quality parameters, notably chemical oxygen demand (COD), are tracked at site level and follow the limits applicable by the local permits.

Mobilizing employees for environmental protection and awards

In order to continuously improve its environmental performance, as well as act as a responsible employer, the Group promotes environmental awareness and mobilization among its employees.

In 2023 environmental and climate change awareness workshops took place to increase the level of awareness regarding environment issues.

Climate Fresk in Frankfurt, December 2023

Protecting biodiversity

The Group is well aware that biodiversity is vital to maintaining the balance of life on the planet and that the world's natural ecosystems are deteriorating at an unprecedented level in human history.

Through the diverse projects in optimizing chemical product use and water use (see section "Reducing emissions into air, water, soil and subsoil" in chap.5.3.2: Minimize the Group's environmental impact), the Group aims to limit its impact on biodiversity.

It also promotes awareness of employees, by increasing the green space accessible to the employees (in Haverhill for example), where they can enjoy the place for activities, and also help maintaining the garden (once a month with professionals). The garden benefits from wild growth, enabling employees to better observe biodiversity, learn to protect it, while having a positive impact on their well-being.

5.4 COMMITMENT No. 3: CREATE A SAFE AND MULTICULTURAL WORKPLACE

Commitment 3

Level of progress

Programs

- Safety and wellbeing
- Internal development
- Diversity & equal opportunity

Material Topics

- Occupational health and safety
- Social dialog
- Quality of worklife and compensation
- Talent management and personnel development
- Diversity & equal opportunity

Target Achievement Rate

60% toward the LTI objective

of 1.5 per 1Mn hours worked by 2025

88% toward the TRI objective

to 2.5 per 1Mn hours worked by 2025

100% of the objective

reached for 30% women in leadership positions

Main achievements

Implementation of the life saving rule program: 3,652 employees focusing on 6 unbreakable and non-negotiable rules

36%
of women in senior management roles

An average of 9.6 hours completed per employee (95% of employees were provided training)

Member of Responsible Care®*

*As compiled by the WHO (Jul 2023), the EU (Dec 2023), the ANSM (Jun 2023) and the BfArM (Jun 2023)

Spread across 10 countries, our workforce of some 3,670 highly qualified people represent our most valuable asset.

We are committed to ensuring their health and safety and offering an inclusive and fulfilling work environment. We will build on our excellent track record in health and safety and have made a commitment to reducing our Lost Time Injury frequency rate to 1.5 and our Total Recordable Injury frequency rate to 2.5 for employees at all sites by 2025.

A number of employee engagement and development initiatives are currently in the pipeline. These are based on feedback obtained through regular employee consultations and surveys conducted throughout 2023 and will include improved recruitment processes, better talent retention and more professional development opportunities.

In 2022, women made up 30% of our Extended Leadership Team (ELT) and in 2023, the figure was 36%. We will continue to promote gender equality and diversity at every level of the organization.

5.4.1 Human capital, a key asset for the Group

At EUROAPI we are convinced that the Group's employees are one of the most important sources for generating added value. The way a company attracts, retains and develops its people determines company success. Human capital is one of the primary components of intellectual capital, which, in addition to tangible assets, comprise the entire value of a company.

With the entire company, Human Resources function is in charge to oversee and manage the employees' lifecycle. Under the leadership of the Chief Human Resources Officer, Corporate HR teams (Compensation & Benefits, Talent and Organization development) and Sites teams, define and deploy EUROAPI People strategy.

The Diversity, inclusion and talent development function is endorsed at the central function by the Head of Talent Management & Transformation. Her role is to define EUROAPI Group Strategy in Diversity and Inclusion field as well as in the Talent and organization development and to ensure the deployment of theses approaches within the different sites of the Group.

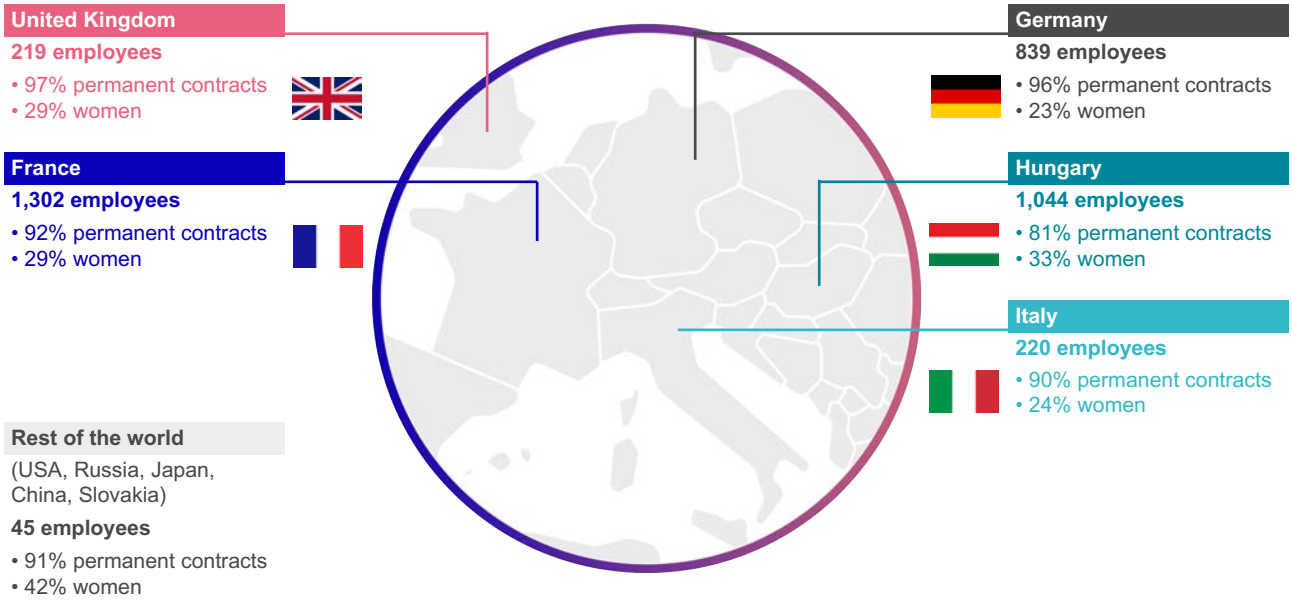
Working conditions and human resources policy

At EUROAPI, our people are our top priority and our commitment to employee welfare is embedded across the organization (Group and sites levels) through our ESG strategy. In practice, this takes the form of an unwavering commitment to health and safety, employee consultation and engagement, excellent working conditions and a diverse and inclusive workplace.

Working hours are organized to meet the needs of the Group's clients taking into account the production capacity of our industrial sites. Employees are working in shifts in the production area. In France, some collective agreements about the working time organization are in place. The Group plans to review these agreements with the Works Council to simplify, harmonize and have working time organization more flexible.

Number and distribution of employees

As of December 31, 2023, Euroapi employed some 3,670 people (excluding temporary workers), of which approximately 1,300 were based in France.



The tables below present headcount statistics for the last three reporting periods.

Headcount breakdown by country:

	Employees at December 31						
	2023			2022			
Country	Women	Men	Total	Women	Men	Total	2021
France	379	923	1,302	341	894	1,235	1,175
Hungary	342	702	1,044	319	616	935	919
Germany	193	646	839	169	602	771	735
United Kingdom	64	155	219	79	177	256	245
Italy	53	167	220	47	161	208	228
Other	19	26	45	18	26	44	40
Total	**1,050**	**2,619**	**3,669**	**973**	**2,476**	**3,449**	**3,342**

Headcount breakdown by employment contract:

	Employees at December 31						
Breakdown of the workforce by type of contract	2023			2022			
	Women	Men	Total	Women	Men	Total	2021
Permanent contracts	25%	65%	90%	24%	66%	90%	88%
Fixed-term contracts	4%	6%	10%	4%	6%	10%	12%
Total	**29%**	**71%**	**100%**	**28%**	**72%**	**100%**	**100%**

	Employees at December 31		
	2023		
Breakdown of the workforce by type of contract	Women	Men	Total
Permanent contracts	917	2,385	3,302
Fixed-term contracts	133	234	367
Total	**1,050**	**2,619**	**3,669**

Headcount breakdown by country and employment contract:

	Employees at December 31, 2023		
Country	Employees	Permanent (%)	Fixed-term (%)
France	1,302	32.8%	2.7%
Hungary	1,044	23.0%	5.5%
Germany	839	21.9%	0.9%
United Kingdom	219	5.8%	0.2%
Italy	220	5.4%	0.6%
Other	45	1.1%	0.1%
Total	**3,669**	**90.0%**	**10.0%**

Headcount breakdown by age:

Reinforcing Multigenerational approach is one of the focus of Group Diversity & Inclusion strategy described in Section 5.4.5 “Foster diversity and equal opportunity”.

Some results can be seen through the evolution of the % of less-than-30-years-old employees within the Group: 13,5% in 2021 to 14,4% in 2023.

	Employees at December 31					
Age distribution	2023		2022		2021	
<30	530	14,4%	489	14,2%	451	13,5%
30 to 50	1,966	53,6%	1,841	53,4%	1,801	53,9%
>50	1,173	32,0%	1,119	32,4%	1,090	32,6%
Total	**3,669**	**100%**	**3,449**	**100,0%**	**3,342**	**100,0%**

Headcount breakdown by business function:

Business function	Employees at December 31, 2023	
	Employees	%
Sales	123	3.4%
Production	2,793	76.1%
R&D	427	11.6%
Support functions	326	8.9%
Total	**3,669**	**100%**

Absenteeism rate by country:

The absenteeism rate is calculated as follow : total number of absences for sickness / total number of hours worked. Absenteeism rates are presented by country and are in line with the best practices in the labor market.

Country	2023
France	4.5%
Hungary	5.5%
Germany	5.6%
United Kingdom	2.2%
Italy	2.8%
Total	**4.9%**

5.4.2 Ensure the health and safety of employees and subcontractors

Our people are key to our performance and their health and safety is paramount. Furthermore, as a chemical company with multiple SEVESO-classified sites, accident prevention is a top priority. Health and safety culture plays a critical role in reducing the incidence of diseases and injuries.

The HSE Team is overseen by the Head of HSE, who reports directly to the Chief Operation Officer (COO). The Head of HSE's role is to implement robust occupational health and safety culture and programs designed to meet or exceed the latest health and safety regulatory requirements. The team works closely with shop-floor staff to monitor their exposure to hazardous substances. A network of 50 full-time, in-house HSE specialists continuously monitors the effectiveness of risk control procedures on the plant premises.

Every site holds a monthly HSE governance meeting attended by on-site experts (environment, health and safety officers etc.) to identify any improvement action plans and any new regulatory standards to be implemented. In parallel, the Executive Committee also receives a monthly briefing and proposed actions to inform their decision-making on a timely manner.

Compliance, policies and audits

We are currently updating our HSE Policy with a view to further reducing and eliminating occupational health, safety and environmental risks, strengthening governance and securing increased buy-in from Site Heads in terms of the implementation of HSE priorities.

In addition to regular inspections by insurance companies (such as AXA Insurance) and clients, annual safety audits are conducted to ensure compliance with health and safety and fire safety standards.

In addition, facilities at the 5 SEVESO sites are regularly inspected by national authorities.

We are compliant with Regulation (EC) 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH Regulation"). Under REACH any company manufacturers or importers of chemicals are required to register the chemical substances used in their production. They must also assess their potential impact on human health and the environment, and implement procedures to minimize risk including limiting exposure to such chemicals.

We are a member of national chemical industry associations in France, Italy and the UK and in 2022 we signed up to the Responsible Care® Global Charter (see press release). The members make a commitment to safely manage chemicals throughout their lifecycle, particularly in 6 key areas including continuous improvement with respect to workplace health and safety, public safety, process safety, environmental performance and the security of the company's facilities and products (see the RCGC website).

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Two of our sites, Brindisi and Budapest, are ISO 45001-certified, attesting to their health and safety standards.

In 2023 external auditors were brought in to assess our compliance. The audits were conducted mainly through on-site inspections and enabled us to document and disseminate examples of good practice within the network. As a result, new Lifesaving Rules and delivered and workplace trainings were deployed at 5 of our 6 sites.

Actions

In order to achieve our goal of zero accidents across EUROAPI's sites, our HSE experts and management are constantly striving to prevent workplace accidents and injuries, raise awareness among employees and subcontractors of health and safety issues and promote healthy habits.

Reduce workplace accidents and injuries

Our approach to health and safety is using a risk-based safety management system to effectively identify and prevent risk. Risk assessments are carried out at site-level and reviewed by local Health and Safety committees on a regular basis as well as in response to operational changes.

The approach involves a number of steps:

- identifying workplace hazards stemming from jobs, tasks and working conditions;
- reviewing workplace prevention practices and regulations;
- identifying residual risk; and
- implementing risk control measures factoring in all scenarios, processes and activities.

In order to better target the types of actions to be implemented, potential events are classified based on international standards according to their severity. Using this classification, potentially serious events (PSE) are targeted as a priority, and human and organizational factors are factored into the in-depth analysis.

Risk minimization methods can include minimizing exposure to chemicals, radiation and biological agents, as well as physical and ergonomic constraints.

Occupational hygiene programs are also run by HSE departments in order to maintain good knowledge of all potential exposure to agents hazardous for employees' health.

Health and safety scenarios are included in its Business Continuity Plans and crisis management framework (see Section 5.2.2 "Ensure continuity of supply"). This allows operations to promptly return to business as usual in the event of business disruption.

Regarding business travel protection, it is worth noting that the Group's business travel assistance program provides expanded protection covering all travel, medical and security needs that may arise around the world. Doctors, security experts and assistance coordinators are available to provide advice in the user's preferred language, and to support in case of emergency.

Increase safety awareness

Training aims to promote the HSE safety culture among all employees, together with the Human Resources Department and managers. Safety is the responsibility of each and every employee and awareness and training programs on prevention and protection are organized on a regular basis.

Mandatory legal training is routinely provided to all where required, and refresher training is provided in line with the legal framework. A total of 30 modules are available online.

Managers at all levels of the organization are responsible for promoting a safety culture through both statutory and non-statutory measures. To encourage the inclusion of safety topics in routine exchanges with managers, the MSV (Managerial Safety Visits) program, consisting in "shop-floor" visits, has become mandatory for most managers. All managers trained must have at least eight MSV per year. An additional training was set-up in 2023 about life saving rules.

In order to learn from experience and reap the rewards of continuous improvement, HSE investigations are held when potential serious events occur. The people involved analyze the events, what went wrong and what can be learned for further improvement. The root cause and action plans are shared between sites during quarterly HSE Forums in the event of any serious or potentially serious events.

Each new employee receives initial health and safety training appropriate for their job profile so that they can perform their work in strict compliance with the rules.

Regular awareness initiatives are conducted throughout the year. The "One Hour Stop for Safety" event was held on 26th September, when all 6 plants halted production for a focussed health and safety session with staff.

Indicators

In order to move toward zero accidents we aim to keep the frequency rate of accidents resulting in lost time for its employees and contractors (Lost Time Injuries – LTI) at a level less than or equal to 1.5 per 1,000,000 hours worked, and the rate of recordable work accidents (Total Recordable Injuries – TRI) at a level less than or equal to 2.5 per 1,000,000 hours worked by 2025.

In 2023, we had an LTI rate of 2.1 and a TRI rate of 2.8, both inline with our internal targets.

However, two incidents took place in 2023, across various industrial sites.

Detailed evaluation of the root causes and the associated risks resulted from the incidents. This led to the reinforcement of our continuous improvement process and remediation plan has been defined.

All the incidents were managed in a timely-manner with no longer term impact on our employees, local communities nor the environment. Staff drew on their training and responded appropriately and safely, paying close attention to the safety of their colleagues and the local communities.

According to plan, the official launch of the Lifesaving Rules program to promote consistent levels of safety across all sites and activities took place in 2023.

This led to Total Recordable Injury frequency rate decline for employees and temporary workers.

Per 1,000,000 hours worked		2023	2022	Change vs 2022 (%)
Lost Time Injury frequency rate	Group's personnel	1.7	1.6	+4.2%
	Subcontractors	3.3	2.2	+49.7%
	Temporary workers	3.0	2.9	+2.6%
	Total personnel	**2.1**	**1.8**	**+17.7%**
	Number of recordable LTI	**16.0**	/	/
Total Recordable Injury frequency rate	Group's personnel	2.4	2.5	-3.6%
	Subcontractors	3.9	3.3	+18.2%
	Temporary workers	3.0	5.7	-47.4%
	Total personnel	**2.8**	**2.9**	**-4.1%**
	Number of recordable RTI	**21.0**	/	/

The accident severity rate of incidents significantly increased in 2023 for employees, subcontractors as well as for temporary workers, due to the two specific events that occurred in the past year. No fatal injuries took place in 2023.

Per 1,000,000 hours worked		2023	2022*	Change vs. 2022 (%)*
Accident severity rate	Group's personnel	42.3	16.5	+156.4%
	Subcontractors	18.7	9.3	+101.1%
	Temporary workers	116.1	37.1	+212.9%
	Total personnel	**39.9**	**15.7**	**+154.1%**
Fatality rate	**Total**	0.0	0.0	

* *An error in published data last year has been corrected here. More detail is available in Section 5.7.1 Methodology note on non-financial reporting.*

Promote healthy lifestyles

Continuous medical surveillance is made available to all employees at the Group sites by a designated clinician or physician. All personnel are monitored under medical surveillance programs that are based on the results of occupational risk assessments linked to their duties. Designated clinicians or physicians also evaluate occupational injuries or illnesses.

In 2023 most of our sites offered free flu vaccinations and staff at our Frankfurt site were also offered the COVID-19 booster vaccine.

We regularly organize events and initiatives aimed at preventing chronic illness and promoting mental health across the organization under Wellness4All, a company scheme that was rolled out at all operational, administrative and commercial sites in 2023.

This scheme promotes:

- physical activity such as small lifestyle changes aimed at increasing activity levels, enjoying the outdoors and socializing with others;
- actions that can be taken to reduce the likelihood of lifestyle-related diseases such as lung cancer due to smoking or type-2 diabetes;
- strategies to boost mental health and advice on maintaining work-life-balance;
- good nutrition through healthy choices, such as incorporating vitamin-rich foods into the diet.

To promote fitness, some sites offer employees access to gyms and sport facilities.

Examples of wellness initiatives offered by our sites include:

- a staff table tennis tournament in Budapest in July 2023;
- menopause training in Haverhill in September. 2023;
- anti-smoking campaigns during the World No Tobacco Day at the end of May;
- an intranet post offering 10 mental health tips for and encouraging people to talk during the World Mental Health day, on 10 October 2023;
- in Germany, 2 days of healthy eating recommendation shared with the employees in November 2023;
- a testicular cancer campaign held in the UK at the end of November.

And in October 2023 we held our first Global Healthy Challenge with teams made up of staff from across the organization competing in a walking challenge. 256 participants from 7 countries and 16 divisions walked a total of 56 million steps.

5.4.3 Create a constructive social dialogue

The Groups aims to uphold local legislation at all times in every country where the Group operates, and to develop the highest labour standards for its employees.

Our Code of Ethics is our main standard that applies to employees worldwide. This Code of Ethics is based on the 10 principles of the UN Global Compact, the Universal Declaration of Human Rights and international labor standards, particularly those concerning forced and child labor.

Social dialogue is overseen at country level by local and human resources managers working alongside employee representative bodies and trade unions. Most of our sites belong to the European Works Council (EWC), a transnational representative information and consultation body with its own powers and a remit that is separate from, but complementary to that of the national representative bodies.

Ordinary plenary meetings are held twice a year.

The European Works Council is informed and, if necessary, consulted on all cross-border issues that have an impact on Group employees.

The European Works Council met regularly in 2023 and was attended by the two employee representatives who have been elected to sit on our Board of Directors until the end of 2026.

The EWC is composed of members from Germany, France, Hungary and Italy. The United Kingdom is represented as a permanent guest member.

	2023		
	Collective Bargaining Coverage		Social dialogue
Coverage Rate	Employees - EEA (for countries with >50 empl. Representing >10% total empl.)	Employees - Non-EEA (for countries with >50 empl. Representing >10% total empl.)	Workplace representation (EEA only) (for countries with > 50 empl. Representing >10% total empl.)
0-19%	/	/	/
20-39%	/	/	/
40-59%	/	/	/
60-79%	/	/	/
80-100%	France, Hungary and Germany	/	France, Hungary and Germany

In France, 11 ordinary and extraordinary Central Works Council meetings were held in addition to a number of collective bargaining meetings, which testifies to active social dialogue. The first Social Policy and Working Conditions's expertise was carried out and contributed to constitute a regulatory and documentary basis. We have successfully renegotiated 33 of the 89 collective agreements signed by Sanofi with securing unanimous agreement for 32 of these. Our objective was to offer employees collective agreements in line with those that existed at Sanofi, adjusted for the EUROAPI's size, scope and financial resources.
The reporting period saw positive social dialogue within the Group which is laying the foundations of a robust company with a strong social conscience.

In the UK, employee engagement is through an Employee Forum made up of a group of elected employee representatives from each division. The forum meets every three months to share information, news and company announcements, discuss topical issues and promote open dialogue on matters such as:

- Employee Engagement;
- Wellness4All;
- Compensation & Benefits;
- Community and Social, Health & Safety;
- Improvement Programs;
- Site Facilities and Policies.

The group canvasses constituents for any issues they wish to put to the management team. In addition to the standard meeting schedule, in 2023, we met with the Forum to discuss changes to employee benefits and the impact of broader company announcements.

As mentioned above, a Forum representative attends European Work Council meetings as a guest to promote inclusivity across the Company.

In Germany, the Chair of the Works Council, general manager and Head of HR meet regularly and the HR department holds monthly meetings with representatives of the works council in which company-level agreements are revised, amended and redrafted. The works council has held four meetings (vs the one meeting per quarter is mandatory), each of which was attended by around 300 employees.

Representatives of senior/exempt employees: there are regular meetings attended by the general manager, HR manager and representatives of exempt/ senior employees. In addition, the HR department, including compensation and benefits representative, held a workshop on working methods and work content with representatives of exempt/senior managers.

Women's and Equal Opportunities Officer: in September, a position of Women's and Equal Opportunities Officer was created in Frankfurt.

In Italy, the reporting period saw intense discussions with employee representatives punctuated by a number of Works Council meetings, around half of which were called to discuss low sales figures.

In Italy the board held multiple meetings to maintain positive relations with social partners despite the difficult economic situation.

Some meetings were attended by national union representatives due to the regional significance of the Brindisi site and the influence exerted by trade unions in Italy.

Relations remain positive as confirmed by agreements on the following topics:

- HC Redundancy management & voluntary redundancy plan;
- Flexibility on employment contracts;
- Smart working practices;
- Company benefits and budget;
- Collective Production bonus.

The company has been supported through this period by the Italian employer association CONFINDUSTRIA, who also represented EUROAPI at a national level in relation to social dialogue and in resolving a number of procedural issues with various public bodies. With their help the Group managed to secure agreements with the trade unions..

In Hungary, the Site Director held monthly meetings with trade union representatives to discuss strategy, the company's future, workload, working conditions, topical issues. Salary negotiations ended with an agreement in January 2023.

5.4.4 Promote talent management and personal development

The purpose of talent management is to ensure that we have the right people with the right skill set, at the right time, and in the right place to help deliver our EUROAPI's strategy. It means identifying gaps as well as, attracting, recruiting, developing and retaining employees while embedding a high-performance culture within the organization.

Talent management is overseeing by managers in collaboration with a dedicated human resources network.

Culture

Values and behaviors

As a recently-listed entity, the Group aims to develop a new corporate culture centered on entrepreneurship, agility, empowerment, and customer focus. As a first step on this journey, in 2022, the Group defined its core values: Taking Ownership, Achieving Together, Driven by its Clients, and Caring for All. These values are communicated to all employees through a range of communication campaigns and have been promoted at site level at a number of several workshops. The Group's values have been broken down into behaviors, enabling it to reinforce the organization's new culture.

Leadership competencies model

In keeping with our Group's transformation strategy, we are developing a management competency framework to promote agile, inspiring and inclusive leadership. It sets out a set of standard competencies and behaviors aimed at embedding a consistent management culture across the organization.

The framework places an emphasis on essential leadership skills and encourages everyone to reach their own leadership potential. It will be used as the basis of personal development plan for employees.

Diversity, Equity and Inclusion

EUROAPI operates in an international and multicultural environment. Creating an inclusive and diverse environment is a key pillar of our culture. This means promoting diversity in recruitment and development and ensuring that all employees feel respected and have the same opportunities for development irrespective of gender, nationality, age or background.

In 2023, governance arrangements for delivering our diversity and inclusion strategy were agreed by the board. A Diversity, Equity & Inclusion committee was set up, formed of representatives from across the organization (Group and sites) and of which the priorities are:

- gender;
- multi-generational topics;
- disability.

Talent management

As a new company, we place particular emphasis on the development of our employees as one of the main drivers of our performance and transformation. Our ambition is to anticipate human capital requirements, strengthen key competencies and develop the leaders of the future while ensuring our employees reach their full potential and employability.

Annual performance appraisal

Annual performance reviews are held to assess performance against objectives and set new ones for the coming year in accordance with strategic priorities.

In 2023, 99% of employees eligible to short-term incentive had appraisals.

	2023		
Country	**Women**	**Men**	**Total**
France	96%	98%	97%
Hungary	100%	100%	100%
Germany	98%	100%	100%
UK	100%	99%	100%
Italy	100%	100%	100%
Other	100%	100%	100%
Total	**99%**	**99%**	**99%**

Annual Talent review

Each year the Group conducts annual reviews ("Talent Review") at all levels: sites, Functions and Group. Talent Reviews are a core feature of talent management.

Aligned with our strategy it implies to identify skills gaps by anticipating business continuity, robust succession planning, identifying future leaders and build collective and individual action plans.

- The Executive Committee conducts an annual talent review in order to identify high-potential employees, with a particular focus on potential executive managers.
- Once a year, Executives' succession plan is presented to the Board of Directors.

In 2023, the Group improved its Talent Review process, reinforcing its definition of high-potential employees, critical roles and training for senior management and the HR community. Significant progress has been made in identifying potential leaders as part of our succession planning.

After each Talent Review, personal development plans will be drawn up for high-potential employees.

We place a particular attention to emerging skills to support our business strategy. In 2023, a Strategic Workforce Planning analysis was initiated for R&D. In 2024, depending on the new Strategy to be defined, the Group may conduct further Strategic Workforce Planning analysis in other areas such as CDMO, Sales, and Supply Chain. Based on the needs to be identified, additional training will be offered to address any skills gaps identified.

Career opportunities

The Group's internal promotion policy is based on evaluating successful employees through:

- annual performance reviews;
- annual talent and succession reviews; and
- personal development plans.

Although we are a newly established company, we want to promote diverse career pathways by offering our employees the opportunity to develop their skills through new experiences. We will achieve this through mobility across the organization and between sites temporary assignments and international secondments.

Learning and development

At EUROAPI we are committed to supporting our employees in their learning and development. Like most scientific and pharmaceutical companies, our future success relies on hiring, developing and retaining committed, highly skilled people.

The Group will develop our employees' skills through challenging position and development opportunities. Our development policy is based on the 70/20/10 model (70% challenging experiences and assignments, 20% informal learning and exposure, 10% coursework and training) and is employee-led, with support from both the Human Resources department and the line manager.

In the context of a rapid and ambitious transformation, the aim of our learning and development policy is to reflect our strategic priorities, anticipate future skill requirements, address skills gaps and generally support the development of employees and managers.

It is also designed to adapt in the event of future organizational or operational changes. Any changes arising from our new culture and core values and the upcoming leadership competencies model will be gradually integrated into the Group's training program.

In the field, managers are responsible for identifying the requirements of their teams, sharing learning opportunities and implementing their learning and development plans with the support of the Group's human resources network.

Training offer is overseen by both at central and country level, with a significant input from Heads of Department.

Improving the leadership skills of our managers is a top priority, – especially in the area of change management –.
We also encourage the development of financial literacy and a more customer-focused culture.

Learning offer

In 2023, the Group's digital learning platform "iLearn" was rolled out to all employees. It contains over 9,000 courses on a range of topics from job-specific skills to leadership & management, and Diversity, Equity and Inclusion.

We also offer employees to improve their language skills – particularly English – so they gain confidence in working in an international environment.

This year, the Group has also rolled out a new course aimed at developing women and high-potential employees within the organization.

In addition to company-wide trainings, each site offers its own catalog courses (digital, face-to-face or blended).

Through these different approaches we aim to provide our workforce, particularly managers, with the skills that are vital to the Group's transformation:

- successfully adopting its new values and culture;
- reinforcing the importance of Diversity, Equity and Inclusion;
- developing management and leadership skills;
- developing new skills.

The Group will continue developing its learning and development provision and catalog of courses aimed at embedding our culture and fueling our transformation.

In 2023 we outperformed our target of 7 hours of training on average per employee and placed a particular emphasis on compliance and statutory training.

A two-year observation phase is advisable in order to set reasonable targets for the group in terms of the number of training hours per employee.

To reflect our general skills development policy and in keeping with our commitment to develop our workforce and support our transformation, in 2024, we will place an emphasis on change management with provision focused on developing job-specific skills, soft skills like leadership and transferable skills.

	2023		
	Women	Men	Total
Number of employees who took at least 1 training course	1,067	2,715	3,782
Total number of training hours	11,599	26,631	38,230
Percentage of employees trained	93%	96%	95%
Average number of hours per person trained	10.15	9.41	9.62

Coaching and mentoring

High-potential employees have access to coaching and mentoring opportunities.

In 2023, we launched a company-wide mentoring program with a standardized approach across the organization. In particular the Group pays attention on attracting women onto these programs, that are to help them raise their profile and kick-start their careers. We have plans to offer training in unconscious bias to our mentors.

In addition, in order to unearth the pool of talent in our company, we have launched a series of "Digital Coffees with the CEO" where employees from different sites can meet and chat with the CEO.

Attract and retain the best talents

Our employees are key to our success. In order to maintain a competitive edge, anticipate future trends, remain agile and invest in innovation, all of our teams must be of the highest caliber.

To achieve this we will:

- emphasize diversity and inclusion in our talent acquisition policies: the Group is convinced that employee commitment and the promotion of diversity are major drivers of performance, representing considerable competitive advantages for the Group;
- developing the employability of its employees throughout their professional lives through learning, mobility, and training;
- attracting and developing talent; and
- supporting employee engagement.

Talent attraction and recruitment

The Group wants to make sure the Company is attractive and able to retain the talent of tomorrow.

To reinforce its attractiveness and be able to attract the best candidates, the Group is committed to constantly improving its employer branding.

Recruitment

In 2023, the Group recorded 614 permanent and fixed-term contract hires. The site teams worked intensively to attract the best candidates in a context of tight labour markets in most countries and despite recruitment challenges.

	2023	2022
Hiring rate (*)	16.7%	14.3%

(*) Hiring rate is calculated taking all employees in permanent contracts or fixed-term contracts in 2023 divided by the number of employees at 31 December of the report year.

	New hires in 2023		
Hiring rate	**Permanent**	**Fixed-term**	**%**
France	110	82	31.3%
Hungary	89	163	41.0%
Germany	86	24	17.9%
United Kingdom	18	3	3.4%
Italy	15	18	5.4%
Other	6	0	1%
Total	**324**	**290**	**100%**

The Group is also onboarding interns, apprentices and International Volunteering in company (VIE) across its sites.

Sponsorship and patronage

The Group encourages sponsorship and patronage, especially with targeted schools and universities. For example, since 2021, the Group decided to sponsor “Promotion 2024” of Chimie Paris Tech school and in 2022, a partnership was created with the Petrik High School (Chemistry faculty) in Budapest and the Ecole d’ Ingénieurs SIGMA from Clermont-Ferrand. The site in Brindisi, Italy, has also created a strong partnership with local schools and universities.

Through strong exchanges on study themes, courses given by the Group’s leaders, the sponsorship also includes student visits to the Group’s sites, career advice, project management skills reinforcement and interview skills development for future employment research.

At the same time, different events will continue to be organized to boost recruitment of young graduates in all countries and make EUROAPI industry and jobs better known. For instance, the Group has participated in the “Village de la Chimie”, animating a conference and exchanging with students.

Talent engagement and retention

Employee engagement survey

At the end of 2022, the Group conducted its first annual engagement survey of all employees – “EUROAPI&me”.

This survey measured and collected employees’ feedback from several perspectives.

Based on this survey, the Group measured the level of employee engagement through a global index of several criteria:

- whether respondents would recommend the Group as a good place to work;
- whether respondents have the means to do their jobs effectively;
- respondents’ level of energy;
- respondents’ sense of personal accomplishment.

In 2023, “EUROAPI&me” results have been shared at all levels of the organization. Sites and functions communicated their own results and worked on specific action plans at local or function level.

At Group level, three priorities were identified: strategy and customer focus, career and development and work-life balance.

For each work stream, the Group has worked on an action plan and implemented new initiatives such as:

- internal events to present its strategy and customers, and answer questions from employees;
- development initiatives to expose Talents ("Digital Coffee with CEO") and support their career;
- right to disconnect policy and meeting charter to run effective meetings, and strong awareness through the digital learning platform (iLearn) to better manage work-life balance.

These actions are combined with the ones identified and deployed at site or function level.

Through a Pulse survey launched mid-year globally, the Groups keeps a close contact and listening system to collect employees' feedback at key moments in their professional career.

The next Employee Engagement Survey EUROAPI&me is planned for 2024.

Talent retention

In 2023, the turnover rate of the Group was at 14.7%, including permanent and fixed-term contracts. The turnover is a workforce renewal indicator that includes both entries and departures. The table below shows the turnover rate per country (including entries and departures).

The turnover increase in 2023 is also the consequence of an increased hiring rate, from 14,3% in 2022 to 16,7% in 2023. The Group has reinforced the recruitment of critical skills in some of its sites.

Country	Turnover in 2023	Turnover in 2022
France	12.9%	12.4%
Hungary	20.9%	14.5%
Germany	10.7%	9.9%
United Kingdom	14.6%	18.9%
Italy	12.9%	9.2%
Other	13.6%	26.2%
TOTAL	**14.7%**	**12.9%**

At the same time, the Group place a particular attention to retaining its Talents.

The Group will reinforce its Individual Development Plan process by training Human Resources department and Managers. Development of leadership career opportunities, but also training, coaching and mentoring, help to retain high-potential talent. Retention is also increased by developing the Group's leaders' skills and their capacity to develop and engage their teams.

A strong reward policy and regular studies are also conducted to ensure our alignment with local market and best practices.

	Departures in 2023			Departures in 2022		
	Permanent contract	Fixed Term contract	%	Permanent contract	Fixed Term contract	%
France	79	47	31.7%	71	43	32%
Hungary	84	53	34.4%	73	46	33.4%
Germany	33	22	13.8%	41	11	14.6%
United Kingdom	39	15	13.6%	23	19	11.8%
Italy	16	4	5.0%	12	8	5.6%
Other	6	0	1.5%	7	2	2.5%
Total	**257**	**141**	**100%**	**227**	**129**	**100%**

	Departures in 2023	Departures in 2022
Voluntary resignation (fixed-term contracts)	33	38
Voluntary resignation (permanent contracts)	140	102
Mutual agreement	51	48
Involuntary dismissal	27	19
Expiration of fixed-term contracts	75	76
Retirement	43	43
Other	29	30
Total departures	**398**	**356**

5.4.5 Foster diversity and equal opportunity

Diversity, Equity and Inclusion

Diversity, Equity and Inclusion (D,E&I) is one of our strengths and convictions. It is both a source of motivation for employees and a source of innovation.

It has a positive impact on our performance and on the development of our employees.

Our workforce is made up of employees of 45 different nationalities and is spread across 11 countries.

We are committed to promoting diversity as a strength and asset, to taking action on inclusion, and to combating all forms of discrimination. Within the Human Resources team, the Head of Talent Management coordinates the diversity and inclusion policy, reporting to the Chief Human Resources Officer.
They define, lead and coordinate initiatives and implement training and awareness-raising actions centrally.

All diversity policies and initiatives are approved, sponsored and monitored by both the Board of Directors and the Executive Committee.

In 2023, an internal Diversity, Equity and Inclusion network was established to promote diversity and inclusion across all businesses, countries and sites, and to coordinate the different actions.

Our aim is for all members of our Executive Committee, Extended Leadership team and senior leaders to be trained in unconscious bias by 2024, as well as to raise manager awareness of inclusive culture. A communication plan as well as a learning journey has been drafted to be deployed in 2024.

In addition to Group's actions, sites are implementing local initiatives (such as D,E&I training for the Site Leadership team in Brindisi, Italy, and a prevention campaign to fight against harassment and sexism, in Vertolaye, France).

Gender equality

We are committed to gender equality. Since 2022, the Group has been a signatory of the United Nations Global Compact, a principle of which is the elimination of discrimination.

Equal parental leave

One of the first steps we took in 2022 was to introduce a global standard for inclusive and equal parental leave which has been implemented worldwide. Since 1 January 2022, any employee welcoming a new child, has been entitled to 14 weeks of parental leave, providing they are recognized as the child's parent on the basis of local legislation or practice.

	2023					
	% of employees entitled to take family-related leave			% of entitled employees that took family-related leave		
Country	Women	Men	Total	Women	Men	Total
France	100%	100%	100%	—%	1%	1.50%
Hungary	100%	100%	100%	1%	—%	0.98%
Germany	100%	100%	100%	—%	1%	0.93%
UK	100%	100%	100%	—%	—%	0.27%
Italy	100%	100%	100%	—%	—%	0.11%
Other	100%	100%	100%	—%	—%	0.03%
Total	**100%**	**100%**	**100%**	**2%**	**2%**	**3.82%**

Gender balance

The Group has set itself the goal of boosting the recruitment and internal promotion of women in order to increase representation at all levels of the Group.

	Employees at December 31		
Proportion of women	2023	2022	2021
Proportion of women in the Group's salaried workforce	28.8%	28.2%	27.1%

The Group continued to increase the representation of women on its Extended Leadership Team (ELT) with the result that in 2023 36% of its members were women, compared to 30% in 2022.

At Executive Committee level, the representation of women increased from 15% in 2022 to 36% in 2023.

	Women	Men	Total	% women
Board of Directors	7	5	12	58.3%
Executive Committee	4	7	11	36.4%
Extended Leadership Team	14	25	39	35.9%
Senior leadership position	63	122	185	34.1%

In addition, we aim to launch women's networking initiatives to promote communication and the sharing of experiences.

In our recruitment process, we encourage talented women to apply for positions and take proactive steps to appeal to women, particularly female engineering students, through regular attendance at school and college events.

We encourage recruitment managers and any recruitment agencies we work with to consider diversity in their recruitment practices and to ensure women make up at least 50% of shortlisted candidates.

	New hires in 2023	%
Women	209	34%
Men	405	66%
Total	**614**	**100%**

In 2023, the result of the index for professional equality between females and males in France (Index Pénicaud) is 83/100.

Support women in leadership development

In 2023, we rolled out leadership training for women in both the "young talent" and "experienced" groups. Delivered by diversity experts, these training courses are aimed at women who have the potential and the ambition to grow within the Group.

In addition to Group initiative, Brindisi site, Italy, has participated into a round table in cooperation with the University of Bari around female empowerment and successful entrepreneurship.

The Group will continue to be particularly attentive to the implementation of coaching and mentoring for female talent, to encourage communication and co-development, and to guide them in their career journey within the Group.

Multi generation

Valuing and taking into consideration people of all ages and generations is important to the Group and is valued as a source of performance and productivity, bringing together people with complementary abilities, skills, information and networks. This should lead to better decision-making, productive collaboration and *in fine*, improved overall performance.

At EUROAPI, every employee has their place, regardless of age or experience. We achieve this by aligning key talent management processes across all sites, including recruitment to learning and development and our leadership framework.

To meet these objectives, the Talent Management Group will propose awareness-raising sessions on the topic as well as a dedicated digital pathway reinforcing the topic.

Disability

At most of the Group's sites, employees with disabilities are offered the support of a number of internal and external professionals to ensure job suitability and workplace adaptations when necessary.

All disability initiatives are overseen at site level by designated Disability Committees.

Awareness campaigns targeting all employees at site-level ensure people with disabilities are well integrated and successful in their job function.

In 2023, a French sign language (LSF) awareness workshop was proposed to employees at Headquarters.

In addition, as part of the Duo Day event in France, two people with disabilities were invited to shadow two employees at Headquarters, to learn about what they do and what a typical working day looks like for them. This French initiative is an opportunity to share experiences, demystify disability at work, and give people a taste of a work environment, job or new skills.

In the same vein, for the European Week for the Employment of People with Disabilities, the Vertolaye site played host to a French fencer with a disability. The event was an opportunity to raise awareness of disabilities, showing that disability and success can go hand in hand, whilst giving employees with disabilities access to advice and support.

In addition, the Haverhill site in the United Kingdom has signed up to the government's Disability Confident scheme and are at stage 1 - disability committed.

	2023	2022
Percentage of employees with disabilities/average workforce (*)	4.9%	6.9%

(*) Data are presented for France only. Given the applicable legislation in other countries in which the Group operates, the corresponding data are not available or are calculated using different methods. The Group considers that France, which represents its largest pool of employees, constitutes a homogeneous and reliable basis for the presentation of this data.

	2023	
Country	Number of disabled employees	Number of disabled employees hired in 2023
France	69	/
Hungary	/	/
Germany	63	/
UK (*)	Unknown	Unknown
Italy	9	1
Other (*)	Unknown	Unknown
Total	**141**	**1**

(*) This data is not collected in the UK and in the other countries

5.4.6 Ensure fair employee compensation and benefits

The overall goals of our compensation policy are to boost employee engagement, reward skills acquisition and incentivize individual and collective performance.

Compensation policy

Our compensation policy is based on principles of competitiveness in local markets, fairness within the organization and differentiating compensation based on performance to attract, motivate and develop the skills of our employees. By regularly consulting compensation surveys and taking into account the Group's financial resources and local market trends in each country, the policy is intended to ensure that our entities offer fair and competitive compensation packages and effectively define salary increases. The policy is adapted in every country where the Group operates, in line with local legislation (collective bargaining, application of industry-wide collective agreements on compensation.

As a group, we have opted to use the WTW's Global Grading System.

Adopted in 2022, this system was rolled out across the organization in 2023.

In accordance with the Group's policy, the compensation structure may include fixed and variable components.

The Group has implemented short-term variable compensation (for managerial and specialist staff) based on performance against personal and company objectives. See section 2.3. of the Universal Registration Document, *"Remuneration and benefits"*.

Individual pay rises are based on a set budget and benchmarked against both the market and in-house practices. They also take into account assessments of employees' actual and potential performance as well as the skills they have acquired and demonstrated.

Total payroll and changes in payroll information is available in the statutory financial statements (wages and salaries) presented in Section 4.7 "Statutory financial statements" of the Universal Registration Document.

Our long-term compensation policy is aligned with our three-year strategic objectives. It is based on the attribution of performance shares, the vesting and payment of which are contingent on the Group's share performance and financial performance as well as on the introduction of free share and/or stock option plans, the characteristics of which are determined by the shareholders' meeting and by the Board of Directors of the Company. In this context, on the occasion of the admission of its shares to trading on the regulated market of Euronext Paris, the Company granted free shares of the Company, in the form of an exceptional allocation, and is planning to establish recurring performance share plans. See section 2.3. "Remuneration and benefits" of the Universal Registration Document.

Employee benefits

Employee benefits are an essential component of the Group's compensation system and reflect the different needs of its employees.

Employee benefit plans can vary significantly from one country to the next, as the Group tailors its employee benefits programs to each country to take into account the different levels of legal and tax regulations.

All compensation and employee benefit policies comply with local regulations and collective agreements. They also include employee savings plans (see "Group savings plans and similar plans" hereafter).

Profit-sharing plans

In France, the Group plans to set up a profit-sharing agreement to collectively associate eligible employees with the results of the Group. The profit-sharing agreement will be calculated on the basis of performance indicators (related to the employees' activities), under the conditions provided for by law or negotiated between employees and management in 2023.

Group and other savings plans

In France, under an agreement dated 25 February 2022, a Group Savings Plan *(plan d'épargne groupe* or PEG) was set up allowing eligible employees to participate, if necessary with the help of the Company or its participating subsidiaries, in the constitution of a collective portfolio of securities benefiting from tax and social advantages attached to this form of collective savings, in return for the temporary unavailability of the amounts invested. This scheme also allows eligible employees to participate in any employee stock ownership opportunities offered by the Company. The Group's foreign subsidiaries may also participate, under the conditions provided for by the Group Savings Plan (PEG).

In France, the Group plans to set up:

- a Time Savings Account;
- a collective retirement savings plan *(plan d'épargne retraite d'entreprise collectif,* or PERCOL), which allows eligible employees to invest, including through payments from the equity-interest agreement and the incentive agreement for their retirement. This scheme offers eligible employees the option of benefiting from certain tax and other benefits in return for a lock-up period ending at retirement.

Employee stock ownership plans

In 2023, the free share plan issued in 2022 for French employees vested in June and each beneficiary was offered the possibility of reinvesting these shares in the Group Savings Plan which has been done for 88% of them.

Due to the particular context for the company, it has been decided not to launch a shareholding plan in 2023.

At 31 December 2023, 48% of employees held shares in the Company, representing 1.6% of the share capital at that date.

5.5 COMMITMENT No.4: UPHOLD BEST IN CLASS CORPORATE GOVERNANCE

Commitment 4

Level of progress

Programs

- Compliance and business ethics

Material Topics

- Corporate ethics & compliance
- Shared value and stakeholder engagement

Target Achievement Rate

95% of code of ethics and compliance training completion reached

95% of GDPR training completion reached

Main achievements

Safety line fully operational, with a compliance champions network of 50 coordinators

Launch of the full ethics and compliance training curriculum (7 modules for all employees in 7 languages)

Acculturation to companies' values with organization of 3 awareness days
- **International whistleblowing day**
- **Global ethics day**
- **Global anti-corruption day**

Ethical values are embedded into our day-to-day activities in order to set robust standards, protect our employees, maintain the trust of stakeholders, and safeguard our image and reputation.

We are committed to upholding the highest standards of ethics and integrity in our business conduct, internally and with our business partners, and have implemented a dedicated program to ensure risks related to ethics and compliance are properly managed. The program includes corruption risk identification and mitigation, due diligence, a whistle-blower procedure, a Code of Ethics, Supplier Code of Conduct and other policies as well as mandatory training for all employees.

Additional trainings were put in place in 2023 such as anti-corruption, that is gathering 2 sessions on fighting corruption and gifts. Response rates remained rather stable in 2023: 95% of our employees took the training in our Code of Ethics and Compliance, 95% the anti-corruption and gift and 94% on General Data Protection Regulation (GDPR). Our ambition remains to offer this training to 100% of our employees every year.

	Training rate 2023
Employees trained on Code of Ethics and Compliance (%)	95%
Employees trained on Anti-Corruption (%)	95%
Employees trained on GDPR (General Data Protection Regulation) (%)	94%

5.5.1 Put ethics and compliance at the heart of the Group's business relationships

We are committed to upholding the highest ethical standards and behaving with the utmost integrity in our business dealings. We understand that ethical values must be embedded in all our interactions, everywhere in order to maintain the trust of our stakeholders, safeguarding our image and reputation, and protecting our employees.

To comfort our strategy, a risk mapping exercise was carried out in 2022 with the purpose of identifying, assessing and prioritizing any corruption risks to which the Group may be exposed.

We also developed and implemented a comprehensive Ethics and Compliance program in line with the requirements of the Sapin II law requirement and structured around the following pillars:

- dedicated organizational structure, including a compliance network;
- Code of Ethics, policies, and standards;
- education and training;
- active monitoring;
- dedicated whistleblowing system ("Ethics Line") to collect and manage alerts; and
- internal investigation, corrective or disciplinary sanctions.

Events were held around specific awareness days, enabling us to remind to the employees of the importance of particular topics, such as:

- International Whistleblowing Day (23 June);
- Global Ethics Day (17 October);
- Global Anti-corruption day (9 December).

Governance

The Ethics and Compliance Department's core mission is to embed integrity in our corporate culture at every level of the organization. Its role is to partner with the functional teams and employees to drive progress towards our business objectives while ensuring compliance with laws, regulations and industry codes of practice, as well as with the Group's ethics, values and policies. In 2023, the Ethics and Compliance Department, led by the Chief Legal, Compliance and IP Officer, supported by the Head of Ethics, Compliance and Data Privacy, set up an Alert Committee made up of the CEO, CFO and representatives from the HR and Ethic and Compliance Departments) in order to provide a collegial decision on an action plan to be set up in case of alert management.

The Ethics and Compliance Department leads a global network of around 50 coordinators – "Compliance Champions" – that supports all functions including corporate teams, sales sites and manufacturing facilities. These coordinators are represented across all the required departments within the Group, in order to ensure that compliance is embedded across the organization especially in the most exposed departments.

The Global Quality Organization supported by the HSE Department, the Internal Control Department, the Risk Management, the Internal Audit Department and the Procurement Department, they all contribute to the success of the Ethics and Compliance program.

Policies and standards

The rules of conduct and compliance with the Group's values and principles are set out in the Group's Code of Ethics, which serves as a guide for taking appropriate decisions that helps to establish trustful relationships and to achieve sustainable growth. The Code of Ethics applies to all employees and contractors of the Group and anyone conducting business on its behalf. In addition to the Code of Ethics, other procedures and policies on other topics related to business ethics including anti-bribery, entertainment of third parties, sponsorship contribution to third party events, conflicts of interest, gifts and invitations, donations and contributions to organizations, responsible lobbying and whistleblowers alert management.

These policies and standards are continuously reviewed, updated and supplemented if necessary, in order to ensure they reflect applicable laws and regulations, as well as with the risks associated with the Group's activities.

To reinforce the effectiveness of the Group's policies and standards and to ensure their application, the Ethics and Compliance Department runs a dedicated training program. The Group's employees are required to complete mandatory training sessions that address fundamental topics in the areas of compliance and business integrity.

With ethics and compliance being core components to long-term success, the Group sets the objective of training all its current employees as well as all new employees in the basics of ethics and compliance in order to raise awareness across the whole organization and maintain a high level of compliance.

Despite an ambitious objective of 100% e-learning completion by employees, EUROAPI managed to maintain its rate of 2022 with 95% of employees trained in the code of Ethics and Compliance, by year-end 2023.

Alert management

The Group has introduced an alert management system to ensure employees understand when and how to report a concern. If employees have a concern or believe in good faith that there has been or is about to be a breach of a law, a regulation, an industry code, company policy or standard or any of the principles in the Group's Code of Ethics, they have the duty to report it through one of the channels available.

Employees who raise concerns will not be subject to disciplinary action or discrimination, provided they act in good faith and without malicious intent, even if the facts reported turn out to be inaccurate and no further action is taken. The procedure for raising a concern and the protection afforded to anyone raising a concern are set out in the Group's Code of Ethics which is accessible to all employees and contractors as well as anyone conducting business on behalf of the Group. Employees can also consult the Group's global alert management procedure which describes the steps to be followed when reporting a concern.

The Group's Ethics Line is a secure helpline that is open 24/7 accompanied by a dedicated web page and toll-free numbers. The helpline allows users to raise concerns anonymously should they choose to do so. A link to the Group's Ethics Line is available on its intranet site. External stakeholders are also encouraged to report any information that might constitute a breach of the Code of Ethics or of applicable rules or regulations. The EUROAPI Ethics Line and telephone numbers can be accessed via the Company website.

In case of effective violation, it is reviewed and investigated under the supervision of the Ethic Committee. The Group will address it with corrective or disciplinary action, and if appropriate, legal proceedings.

Fight against tax evasion

As a multinational entity, the Group must apply the laws and regulations in force in the countries where it operates including in matters of taxation. Its primary responsibility is to pay its taxes and file the corresponding tax returns within the time limits set by the various tax authorities, in compliance with laws and regulations.

We use professional care and judgment to ensure decisions are well-considered and documented. It ensures proper compliance with all taxes and ensure all returns are reported accurately and on time.

The Group complies with both the letter and spirit of tax law in a responsible manner and align the tax strategy with the business strategy. The Group carefully balances its obligation to comply with tax laws in a responsible manner with the need to support competitive business growth. The Group uses business structures that are driven by commercial considerations, aligned with business strategy and have genuine substance (*i.e.* essentially in Europe, the US, Japan and China). The Group does not engage in aggressive tax arrangements, nor have any companies in countries identified as tax havens on the EU list of non-cooperative jurisdictions, nor in jurisdictions which enable tax base erosion or profit shifting.

Our transfer pricing policies and methodologies are based on the arm's length principle and OECD guidelines. We do not transfer or allocate value or income to a low-tax jurisdiction or group entities unless such transactions have economic substance or are based on functional analysis evidencing and supporting the decision.

5.5.2 Ensure respect for human rights

Since its beginnings, the Group has committed to upholding the principles of the United Nations Global Compact and other international standards concerning human rights. With employees on several continents and relationships with suppliers and subcontractors across the globe, the Group understands and assumes its responsibility to conduct its business ethically (see chapter 5.5.1: Put Ethics and Compliance at the Heart of the Group's Business Relationships) and uphold human rights for all workers across its value chain, including those employed by third parties (such as subcontractors and suppliers) and within its own operations and supply chain. Therefore the Purchasing Team is setting up procedures that have for objective to ensure compliance of our suppliers' standards on labor rights and working conditions (See chapter 5.2.4 "Implement responsible purchasing").

The Group upholds and promotes the five principles and rights outlined in the 2022 International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. These include freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment.

To ensure human rights are upheld across its operations, we have taken a structured approach which includes:

- global policies and dedicated internal policies;
- due diligence procedures;
- grievance mechanisms;
- monitoring of policy implementation; and
- education and training.

Governance

At EUROAPI, responsibility for our human rights agenda is lead and supported at the top management, with the support of several functions : the Human Resources; Procurement; Ethics and Compliance; HSE Team and ESG (Environmental, Social, and Governance) departments.

Policies

EUROAPI is committed to upholding the following international standards:

- UN Guiding Principles on Business and Human Rights;
- UN Global Compact;
- Children's Rights and Business Principles;
- Universal Declaration of Human Rights;
- OECD Guidelines for Multinational Enterprises;
- ILO Declaration on Fundamental Principles and Rights at Work.

EUROAPI's human rights commitments are detailed in our Code of Ethics and Supplier Code of Conduct, available on our website and therefore available to all at any time.

These policies set out the human rights responsibilities for all internal and external stakeholders and partners. More specifically, we expect our suppliers to meet the basic standards set out in EUROAPI's Supplier Code of Conduct, including on:

- human rights and labor practices;
- worker health and safety;
- protecting the population from environmental pollution;
- upholding ethical standards by combating corruption, fraud and bribery; and
- privacy and data protection.

EUROAPI's Supplier Code of Conduct, as part of the human rights and labor practices respects, solely prohibits child labor, forced labor, violence and harm and discrimination among the organization the Group work with (either employees or subcontractors). It also mentions the freedom of association and collective bargaining, H&S guarantees and training, across all the suppliers' organization.

We recently introduced a right to disconnect policy for all employees, with the aim of promoting work-life balance, considered in our modern society as a basic Human Right and essential for mental well-being.

To ensure that our own suppliers are delivering on their human rights commitments and to encourage them to strengthen them, we ask all of them to sign our Supplier Code of Conduct to confirm their compliance with human rights values. The process includes extra vigilance and enhanced checks when dealing with suppliers based in countries where the risk of human rights violations is considered high.

For more information on procedures and actions taken to ensure a safe and healthy working environment and eliminate discrimination in the workplace, see 5.4.2 "Ensure the health and safety of employees and subcontractors" and 5.4.5 "Foster diversity and equal opportunity", respectively.

Diligence process

As mentioned, grievance mechanisms are also in place, notably the Group's Ethics Line, a secure compliance helpline, available 24/7 with a dedicated web page (here) accessible via the Company's website and intranet with toll-free numbers available in multiple languages. The compliance helpline system is equipped to manage human rights concerns, including those related to health and safety (including discrimination, harassment and violence), freedom of association and collective bargaining, the prohibition of child labor and forced or compulsory labor, and business ethics. The compliance helpline system is available to all of the Group's employees and external stakeholders should they have concerns related to any human rights issues.

In order to fulfil its commitment to upholding human rights across our operations, the Group has implemented awareness raising initiatives and delivered human rights training for employees. Online training modules have been developed to promote a better understanding of issues around human rights in all business activities and to promote consideration of human rights as an integral part of doing business.

Finally, in order to ensure the declarations of our suppliers are aligned with their commitments, the Group plans to set up the conduction of audits among our suppliers by the end of 2025.

5.5.3 Promote data protection

With the evolution of information and communication technologies, data privacy regulations are increasing and becoming an important factor to consider in the Group's day-to-day business activities. Protecting the privacy and personal data of our employees, clients and business partners is of the utmost importance to us. Our role is to ensure that data is securely stored and processed, in line with the European General Data Protection Regulation (GDPR) and applicable regulations.

Therefore the Group has adopted a number of initiatives to enhance data protection within the organization including the introduction of:

- a designated organizational structure including a data protection team;
- policies and standards;
- education and training;
- a dedicated intranet page with employee resources;
- a detailed process for handling rights exercise, questions and complaints.

The Group has a designated Data Protection Team (made of members belonging to other departments), whose role is to support employees and functional teams in understanding and applying corporate data protection policies to ensure compliance with all data protection regulations applicable to the Group.

The Data Protection Team is overseen by the Data Protection Officer who is responsible for the compliance and efficiency of the data protection program. He also oversees a global network of local coordinators who support local teams in the understanding and application of data protection laws and regulations applicable in their given jurisdiction.

The Data Protection Officer and local coordinators are responsible for handling questions and complaints concerning the processing of personal data by the Group. They may be assisted, as necessary, by the Legal Department, the IT Department or any other relevant department within the Group, in the evaluation and management of any incidents concerning personal data.

The Global Data Privacy Policy sets out standards in place for the processing of personal data in accordance with applicable data protection laws, notably the European General Data Protection Regulation (GDPR). As some of the Company's subsidiaries are located in countries outside Europe and are subject to different privacy and data protection rules, the Global Data Privacy Policy may be supplemented as appropriate to comply with applicable laws and regulations.

Our privacy and personal data commitments and the rules and procedures, which apply to every employee, contractor and anyone conducting business on behalf of the Group are also set out in our Code of Ethics.

To ensure that all applicable standards and rules are easily accessible, a dedicated intranet site has been created on which employees can find relevant corporate resources to familiarize themselves with data privacy rules that apply to the Group as well as related procedures to follow in case of any data privacy concerns.

Concerning the protection of third-party data, the Privacy and Cookies Policies on the Company's website are updated to offer the Group's clients and any visitors greater choice and security in full compliance with applicable standards. Moreover, any of the personal data of our commercial partners is collected and processed in compliance with the applicable standards, in full transparency in order to build a sustainable trust.

Among the global training programs addressing key compliance subjects launched in the reporting period was a training program on Personal Data Protection (GDPR compliance). The session was mandatory for all employees in Europe and had a completion rate of 94% by the end of 2023.

5.6 EU GREEN ENVIRONMENTAL TAXONOMY

The European Union (EU) has adopted European Regulation 2020/852 of June 18, 2020 (the "Taxonomy Regulation") establishing a framework to promote and facilitate sustainable investment in the EU.

This regulation establishes an EU-wide classification system for economic activities considered to be environmentally sustainable.

In June 2023, the delegated acts on sustainable activities of the 4 environmental objectives complementary to the climate mitigation and adaptation objectives were published.

Full disclosure of "alignment" information under the 6 environmental targets is required by 2025 (financial year 2024). As such, for this financial year 2023, the "eligibility" and "alignment" information relating to the two climate objectives and the information relating to eligibility for the four environmental objectives are published. Only the "eligibility" is published relating to the 4 other environmental objectives (Water, Pollution, Biodiversity, Circular Economy).

The Group is required to publish indicators highlighting the proportion of its taxonomy-eligible and taxonomy-aligned turnover, capital expenditure (CapEx) and operating expenditure (OpEx) resulting from products and/or services associated with economic activities defined as sustainable in the Annexes to the delegated acts.

With regards to the two climate-related environmental objectives, the Group, along with the Taxonomy with the Euroapi experts and the support of external consultants, analyzed the technical screening criteria to determine whether these taxonomy-eligible activities are aligned with the Taxonomy.

To date, the scope of taxonomy-aligned activities mainly concerns individual assets related to the activities described in section 7 of Annex I - Climate Change Mitigation. Regarding eligibility on the 4 environmental objectives published in 2023, the activities identified concern Annex 1 – Sustainable use and protection of aquatic and marine resources, Annex 2 – Transition to a circular economy and Annex 3 – Pollution prevention and control.

In the evolving regulatory context, EUROAPI's approach may need to evolve as regulations stabilize and data becomes more available, particularly with regard to technical criteria.

Evaluation and methodology

In the light of the regulatory framework described above, the Group has identified the taxonomy-eligible activities within the Group for all environmental objectives and has analyzed the taxonomy-alignment of the activities described in the two climate objectives.

The Group does not have any eligible activities under the activities listed in Delegated Act 2022/1214 related to gas and nuclear activities.

The financial information used to establish the eligibility and alignment indicators comes from EUROAPI's information systems that track the Group's revenue, OPEX and investments and which have enabled the consolidation of the Group's figures at the end of the 2023 financial year.

They have been analyzed jointly by the local and central teams, in order to ensure their consistency with the consolidated revenue, CapEx and OpEx for the 2023 financial year and to avoid any double counting of eligible activities in the numerator of the Taxonomy indicators.

Analysis of taxonomy-eligible and taxonomy-aligned activities:

EUROAPI's activities (turnover and investments, including individual investments) were analyzed to determine their eligibility under the activities set out in the Taxonomy Regulation.

The analysis was conducted jointly by the Group's sustainability, operations and finance teams, based on the Group's financial elements and information systems.

The taxonomy-eligible activities identified in 2023 relate to the following activities:

	Environmental Objective	Taxonomic activity
	**Climate Change Mitigation**	a) 4.25 Heat/cold production by using waste heat b) 6.5 Transport by motorcycles, passenger cars and light commercial vehicles c) 7.3 Installation, maintenance and repair of energy efficiency equipment d) 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings e) 7.6 Installation, maintenance and repair of renewable energy technologies f) 7.7 Acquisition and ownership of buildings
	**Adaptation to climate change**	-
	**Sustainable use and protection of aquatic and marine resources**	a) 1.1 Manufacturing, installation, and associated services for leak control technologies to reduce and prevent leaks in water supply systems
	**Transition to a circular economy**	a) 2.2 Production of new water resources for purposes other than human consumption b) 2.4 Hazardous Waste Treatment
	**Pollution Prevention and Control**	a) 1.1 Manufacture of Active Pharmaceutical Ingredients (PAPs) or Active Substances
	**Protection and restoration of biodiversity and ecosystems**	-

For the climate change mitigation objective, a detailed analysis of the investments was carried out in order to assess the compliance with the technical criteria and the 'DNSH' ('Does not significantly harm') in order to qualify the alignment of the activities. Only individual investments have been identified as eligible for the climate change mitigation objective and the technical and DNSH criteria have therefore been reviewed on a project-by-project basis:

a) Activity 6.5. Transport by motorcycles, passenger cars and light commercial vehicles: the entire Euroapi fleet was analyzed against the technical criteria, and only investments in vehicles meeting the technical criteria and the DNSH in Europe were qualified as aligned;

b) Activity 7.3. Installation, maintenance and repair of equipment to promote energy efficiency: the Group has carried out several projects at its sites in Europe to insulate and install new equipment (compressors, traps, lighting) to reduce energy consumption;

c) Activity 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings: the Group has carried out several projects at its sites in Europe for the installation of energy consumption monitoring, meters and leak detectors to optimize consumption;

d) Activity 7.6. Installation, maintenance and repair of renewable energy technologies: the Group has carried out projects at its sites in Europe for the maintenance and repair of photovoltaic panels;

e) Activity 7.7. Acquisition and ownership of buildings: only Euroapi's headquarters located in Paris were considered aligned, as the rest of the Group's real estate portfolio did not meet all the alignment criteria.

Regarding climate change adaptation (Annex A), Euroapi's approach to climate change adaptation consists of several local initiatives in terms of site resilience, several of which have already committed preventive investments to secure assets and adapt production processes.

Analysis of Aligned Activities – Minimum Safeguards

As defined in Article 3 of the Taxonomy Regulation, an activity can only qualify as environmentally sustainable if it is carried out in compliance with the specific minimum safeguards detailed in the Regulation.

The assessment of compliance with the minimum safeguards was carried out on a Group-wide basis.

Euroapi's ESG strategy is aligned with and complies with the United Nations Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the principles and rights set out in the eight fundamental conventions mentioned in the International Labour Organization declaration. The Group has put in place the Code of Ethics and Human Rights Policies which are set out in paragraph 5.5.2 Ensuring respect for human rights.

Regarding the procedures in place to fight corruption, the Group has deployed an Ethics and Compliance program in accordance with the eight pillars of the Sapin II law in France. Euroapi is also subject to the Bribery Act of 2010 in the United Kingdom and the Foreign Corrupt Practices Act (FCPA) in the United States. With regards to taxation, the Group respects the letter and spirit of tax legislation responsibly and aligns its tax strategy with its business strategy.

A mapping of compliance and ethical risks is drawn up by the Group, which includes legal and corruption risks. Euroapi's teams undergo training on ethical and compliance standards, in order to promote compliance with legal frameworks.

Revenue key performance indicators

The consolidated revenue, which constitutes the denominator within the meaning of the Taxonomy, amounts to €1,013.2 million (see section 4.2.1 "Analysis of the Group's income statement"), the eligibility ratio amounts to 89%.

The eligible turnover (€901.6 million) corresponds in its entirety to activity 1.1 Manufacture of active pharmaceutical ingredients (APIs) or active substances, which is part of Annex 3 – Pollution prevention and control. This eligible turnover corresponds to the manufacture of active pharmaceutical ingredients or active substances for human use, the manufacture of active pharmaceutical ingredients and substances for veterinary purposes was not considered eligible.

CapEx key performance indicators

In accordance with the Taxonomy Regulation, the denominator of CapEx includes the acquisition of property, plant and equipment (IAS 16) and intangible assets (IAS 38), the acquisition of right-of-use (in accordance with IFRS 16, the right-of-use being recognized at the beginning of the lease). In 2023, the denominator amounts to €173 million.

In 2023, the amount of eligible activities amounts to €141.7 million, i.e. 82% of CapEx, in connection with individual investments identified as eligible for the climate mitigation objective and CapEx related to the activity of manufacturing active pharmaceutical ingredients. The amount of CapEx related to aligned activities amounted to €9.4 million.

Scope of eligible activities *(M€s)*	**2023 CAPEX**
Transport by motorbikes, passenger cars and light commercial vehicles	0.3
Installation, maintenance and repair of equipment promoting energy efficiency	2.6
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	0.1
Installation, maintenance and repair of renewable energy technologies	3.7
Acquisition and ownership of buildings	2.6
Production of heat/cool using waste heat	0.5
Transport by motorbikes, passenger cars and light commercial vehicles	1.1
Acquisition and ownership of buildings	1.8
Manufacture of active pharmaceutical ingredients (API) or active substances	125
Production de ressources en eau alternatives à des fins autres que la consommation humaine	3.4
Treatment of hazardous waste	0.6
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	0
Grand total	**141.7**

OpEx key performance indicators

In accordance with the Taxonomy Regulation, the denominator of OpEx is composed of direct non-capitalizable R&D costs as well as equipment maintenance and servicing costs, building renovation costs, repair costs, rents presented in the income statement and any other expenses related to the daily maintenance of assets.

This OpEx denominator represents an absolute amount of €89.3 million.

The eligible Opex (€58.3 million, i.e. 65% of OPEX) relates directly to activity 1.1 Manufacture of active pharmaceutical ingredients (APIs) or active substances, which is part of Annex 3 – Pollution prevention and control and has been established by reference to the eligible turnover of the sites or directly to the R&D project to which they relate.

Scope of eligible activities *(M€s)*	**2023 OPEX M€s**
Manufacture of active pharmaceutical ingredients (API) or active substances	58.3
Grand total	**58.3**

Eligibility and alignment results for 2023

The results of the Taxonomy KPIs for 2023 are summarized below. More details can be found in the Taxonomy tables at the end of the sections.
In 2023, Taxonomy-eligible CapEx amounted to €141.7 million, or 81.9% of total CapEx in the denominator.

Investments related to *(M€s)*	**2023**
Eligible and aligned investments	9.4
Share of aligned investments in TOTAL CAPEX	5.4%
Share of investments aligned with eligible investments	6.6%
Eligible and non-aligned investments	132.3
Eligible investments	141.7
Share of eligible investments	81.9%
Non-eligible investments	31.3
Total CAPEX Denominator	**173.0**

Taxonomy-eligible OpEx amounted to €58.3 million or 65% of the total OpEx in the denominator

Operating expenses related to *(M€s)*	**2023**
Taxonomy-eligible and Taxonomy-aligned OpEx	0
Taxonomy-aligned OpEx as a proportion of total OpEx	0
Taxonomy-aligned OpEx as a proportion of Taxonomy-eligible OpEx	0
Taxonomy-eligible but not Taxonomy-aligned OpEx	58.3
Taxonomy-eligible OpEx	**58.3**
Proportion of Taxonomy-eligible OpEx	65%
Taxonomy non-eligible OpEx	31
Total OPEX Denominator	**89.3**

Regulatory Tables

				Substantial contribution criteria						DNSH criteria								
Economic activities	Codes	Rotation k€	Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Water %	Pollution %	Circular economy %	Biodiversity %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water Y/N	Pollution Y/N	Circular economy Y/N	Biodiversity Y/N	Minimum safeguards Y/N	Taxonomy-aligned proportion of turnover year 2022 %	Category (enabling) E/T	Category (transitional)
A.TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned activities) (A.1)		0	0%														0%		
Of which enabling		0	0%															—%	
Of which transitional		0	0%																—%
A.2. Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	901,568	89%	N/EL*	N/EL	N/EL	EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		901,568	89%	0%	0%	0%	89%	0%	0.0								0%		
A.Turnover of Taxonomy eligible activities (A.1+A.2)		**901,568**	**89 %**	**0 %**	**0 %**	**0 %**	**89 %**	**0 %**	**0.0**								**0 %**		
B. Taxonomy non-eligible activities																			
Turnover of taxonomy non-eligible activities (B)		111,651	11%																
Total A + B		**1,013,219**	**100%**																

	Proportion of Turnover / Total turnover	
	Taxonomy aligned per objective	Taxonomy eligible per objective
Climate Change Mitigation (CCM)	0 %	0 %
Climate Change Adaptaion (CCA)	0 %	0 %
Water (WTR)	0 %	0 %
circular Economy (CE)	0 %	0 %
Pollution (PPC)	0 %	89 %
(Biodiversity) BIO	0 %	0 %

N/EL: Non-eligible

CapEx Table

				Substantial contribution criteria						DNSH criteria									
	Codes	CapEx	CapEx proportion	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned proportion of turnover year	Category (enabling)	Category (transitional)
		In Mn €	%	%	%	%	%	%	%	O/N	O/N	O/N	O/N	O/N	O/N	O/N	%	E/T	
A.TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1.Environmentally sustainable activities (Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	338	0,2%	Y	N	N/EL	N/EL	N/EL	N/EL	N	O	O	O	O	O	O	0,0%		T
Installation, maintenance and repair of equipment promoting energy efficiency	CCM 7.3	2644	1,5%	Y	N	N/EL	N/EL	N/EL	N/EL	N	O	O	O	O	O	O	0,0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	109	0,1%	Y	N	N/EL	N/EL	N/EL	N/EL	N	O	O	O	O	O	O	0,0%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	3682	2,1%	Y	N	N/EL	N/EL	N/EL	N/EL	N	O	O	O	O	O	O	0,0%	E	
Acquisition and ownership of buildings	CCM 7.7	2613	1,5%	Y	N	N/EL	N/EL	N/EL	N/EL	N	O	O	O	O	O	O	0,0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	9387	5,4%	5,4%	0 %	0 %	0 %	0 %	0 %	N	O	O	O	O	O	O	0,0%		
Of which Enabling		6436	3,7%	3,7%	0 %	0 %	0 %	0 %	0 %	N	O	O	O	O	O	O	0,0%	E	
Of which Transitional		338	0,2%	0,2%						N	O	O	O	O	O	O	0,0%		T

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Production of heat/cool using waste heat	CCM 4.25	454	0,3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1,067	0,6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	CCM 7.7	1,810	1,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	125,019	72,3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Production of alternative water resources, for other use than human consumption	CE 2.2	3,401	2,0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Treatment of hazardous waste	CE 2.4	572	0,3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	2.00	0,0%	N/EL	N/EL	EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		132,325	76,5%	1,9%	0 %	0,0%	72,3%	2,3%	0,0%								1%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**141,712**	**81,9%**	**7,4%**	**0 %**	**0,0%**	**72,3%**	**2,3%**	**0,0%**								**1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities		31,269	18%																
TOTAL		**172,981**	**100%**																

N/EL: Non-eligible

	Proportion of Turnover / Total turnover	
	Taxonomy aligned per objective	**Taxonomy eligible per objective**
Climate Change Mitigation (CCM)	5,4%	7,4%
Climate Change Adaptaion (CCA)	0%	0%
Water (WTR)	0%	0,0%
circular Economy (CE)	0%	2,3%
Pollution (PPC)	0%	72,3%
(Biodiversity) BIO	0%	0,0%

OpEx Table

Economic activities				Substantial contribution criteria						DNSH criteria									
	Codes	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned proportion of turnover year 2022	Category (enabling)	Category (transitional)
		K€s	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T	
A.TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0%																
Of which enabling		0.0	0%																
Of which transitional		0.0	0%																
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	58,329	65%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		58,329	65%	0%	0%	0%	65%	0%	0%								1%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		58,329	65%	0%	0%	0%	65%	0%	0%								1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities (B)		31,007	35%																
Total A + B		**89,337**	**100%**																

	Proportion of Turnover / Total turnover	
	Taxonomy aligned per objective	Taxonomy eligible per objective
Climate Change Mitigation (CCM)	0 %	0 %
Climate Change Adaptaion (CCA)	0 %	0 %
Water (WTR)	0 %	0 %
circular Economy (CE)	0 %	0 %
Pollution (PPC)	0 %	65 %
(Biodiversity) BIO	0 %	0 %

N/EL: Non-eligible

5.7 METHODOLOGY NOTE AND THIRD-PARTY VERIFICATION

The Group's ESG performance will be closely monitored and assessed, both internally and externally. It follows a detailed reporting framework that is available to all contributors.

The reporting framework and key performance indicators used in this statement are governed by the following regulations:

- European Directive 2014/95/EU on the disclosure of non-financial and diversity information (the "Non-financial Reporting Directive" (NFRD)) and the upcoming Corporate Sustainability Reporting Directive (CSRD), which amends the existing reporting requirements of the NFRD;
- French Ordinance 2017-1180 of July 19, 2017 and Decree 2017-1265 of August 9, 2017, implementing European Directive 2014/95/EU in France, and requiring companies to set out a Statement of Non-financial Performance, incorporating criteria on climate change;
- Regulation (EU) 2020/852 (the "Taxonomy Regulation") of July 12, 2020 that standardizes definitions and processes to be used when determining whether an activity is environmentally sustainable for disclosure under the NFRD;
- Article 173 of Act 2015-992 of August 17, 2015, on energy transition for green growth; and
- Law 2021-1774 of December 24, 2021, concerning the annual publication of differences in gender representation among senior executives, and members of governing bodies.

The Group Global Operating Procedure describes the different indicators that must be reported and the related deadlines.

These frameworks specify the methods to be used for reporting indicators throughout the Group, including definitions, methodological principles, calculation formulae, and emission factors. The resulting indicators provide:

- a comprehensive overview of the different reporting indicators associated with environmental, social and governance criteria that are measured and monitored by the Group; and
- a basis for reporting key performance indicators (KPIs), and related trends, to executive management and to external stakeholders.

These various indicators are published in the Statement of Non-financial Performance prior to the Company's Annual General Meeting, and can be used by external rating agencies and stakeholders.

As the disclosure of these main indicators is mandatory, the supporting data are audited by an independent third party. The list of key performance indicators reported may evolve over time in line with new laws and regulations.

5.7.1 Methodology note on non-financial reporting

This Universal Registration Document includes all elements of the statement of non-financial performance as listed in Articles R. 225-102-1 and R. 225-105 of the French Commercial Code.

LEGISLATION	REQUIRED ITEMS	SECTION
DECREE NO. 2017-1265 FOR THE TRANSPOSITION OF EUROPEAN DIRECTIVE 2014/95/EU	Consequences of the Group's activity on climate change and the use of the goods and services it produces.The information shall include the direct and indirect greenhouse gas emissions linked to the upstream and downstream transport activities of the activity and shall be accompanied by an action plan to reduce these emissions,	See Section 5.3.1 "Towards responsible innovation" and Section 5.3.2 "Minimize the Group's environmental impact"
	Circular economy commitments	
	Societal commitments in favor of sustainable development	See Section 5.1.5 "The Group's ESG Strategy"
	Commitments to combat food waste	This information, mentioned in Article L. 2 25-102-1 of the French Commercial Code, is not presented in this chapter because it was considered not applicable to the activity of the EUROAPI group. The Group's activity does not generate food waste beyond employee meals.
	Collective agreements concluded in the Group and their impact on the economic performance of the Group as well as on the working conditions of employees	See Section 5.4.3 "Create a constructive social dialogue" and Section 5.4.4 "Promote talent management and personal development"
	Actions aimed at combating discrimination and promoting diversity and measures taken in favor of people with disabilities	See Section 5.4.5 "Foster diversity and equal opportunity" and Section 5.5.2 "Ensure respect for human rights"
	Actions aimed at promoting the Nation-Army link and support enlistment in the human reserves	This information, mentioned in Article L. 2 25-102-1 of the French Commercial Code, is not presented in this chapter because it was considered not applicable to the activity of the EUROAPI group.
SUSTAINABLE FOOD LAW OF OCTOBER 30, 2018	Commitments to combat food insecurity	This information, mentioned in Article L. 2 25-102-1 of the French Commercial Code, is not presented in this chapter because it was considered not applicable to the activity of the EUROAPI group. The Group's activities do not have an impact on consumers' access to food.
	Commitments to respect animal welfare and responsible, fair and sustainable food	This information, mentioned in Article L. 2 25-102-1 of the French Commercial Code, is not presented in this chapter because it was considered not applicable to the activity of the EUROAPI group.
LAW NO. 2022-296 OF MARCH 2, 2022 AIMED AT MAKING SPORT MORE ACCESSIBLE	Actions aimed at promoting physical activity and sports	See Section 5.4.2 "Ensure the health and safety of employees and subcontractors"

Non-financial performance indicators

Indicator	2023	2022	2021	2020	Section
ENVIRONMENT					
Energy					
Total energy consumption in MWh	604,472	601,937	598,920	662,754	
Energy intensity (total energy consumption per net revenue) in MWh / € m	604		/	/	
Renewable energy consumption in MWh	148,899	143,654	163,566	51,776	
Non-renewable energy consumption in MWh	455,573	458,283	435,354	610,978	5.3.2 Improving energy efficiency and increasing use of renewable energies
Fuel consumption from coal and coal products	0	/	/	/	
Fuel consumption from crude oil and petroleum products	561	/	/	/	
Fuel consumption from natural gas	326,570	/	/	/	
Fuel consumption from other fossil sources	0	/	/		
% of renewable energy	25%	24%	27%	8%	
Sites with 100% electricity from renewable sources (% Group sites)	83%	83%	/	/	
GHG emissions* (see methodological note)		**2022 corrected**			
Total GHG emissions in metric tons CO_2e	796,765	681,955	746,385	/	
Total GHG intensity	796	/	/	/	5.3.2 Fighting climate change
Scope 1 GHG emissions in metric tons CO_2e	63,086	61,317	73,582	74,043	
Scope 2 GHG emissions in metric tons CO_2e (Market based)	28,614	30,061	27,371	40,003	
Scope 1 + 2 GHG emissions in metric tons CO_2e	91,700	91,378	100,953	114,046	
Scope 3 GHG emissions in metric tons CO_2e	705,065	590,577	645,432	/	
Other emissions					
VOC (volatile organic compound) emissions in metric tons	1,219	1,413	1,338	2,092	5.3.2 Reducing emissions into air, water, soil and subsoil
ODS (ozone-depleting substances) emissions in kilograms	358	261	545	1,696	
Wastewater discharge in thousand m^3	23,900	21,786	25,492	22,101	
Water					
Water consumption in thousand m^3	19,127	18,352	16,806	21,256	5.3.2 Optimizing water management
Water consumption intensity in m^3/ € m	19,117	/	/	/	
Water withdrawal in thousand m^3	19,570	17,561	17,737	21,004	
Water recycled in thousand m^3	4,442	4,885	4,809	6,049	
Waste					
Total waste produced in metric tons	100,605	98,668	96,194	101,669	
Total waste intensity in metric tons / € m	101	/	/	/	
Hazardous waste produced in metric tons	54,938	55,307	53,414	57,259	
Non-hazardous waste produced in metric tons	45,667	43,361	42,780	44,410	
Waste recovered in metric tons	51,854	55,266	52,781	35,836	5.3.2 Improving waste management and promote responsible consumption
Recycled	33,620	34,063	33,718	/	
Recovery operation	18,234	21,203	19,063	18,623	
Waste incinerated with energy recovery in metric tons	18,234	21,203	19,063	18,623	
Non-recycled waste in metric tons	48,751	43,402	43,413	65,833	
Non recycled waste in %	48%	44%	45%	65%	
Waste sent to landfill in metric tons	9,207	5,195	6,394	7,393	
Waste treated with other methods in metric tons	39,544	38,208	37,019	39,817	
Zero waste to landfill sites (% Group sites)	33%	33 %	/	/	

Indicator	2023	2022	2021	2020	Section
ENVIRONNEMENT					
Solvents					5.3.2 Improving waste management and promote responsible consumption
Total solvents consumed in metric tons	87,595	83,275	79,117	107,500	
Solvents regenerated in metric tons	62,246	56,213	50,581	78,624	
Solvent recycling rate (%)	71.1%	67.5%	63.9%	73.1%	
Certifications					5.3.2
ISO 14001 certification (% Group sites)	100%	100%	67%	67%	
ISO 50001 certification (% Group sites)	100%	50%	50%	50%	
ISO 14001 and ISO 50001 certification (% certification)	100%	75%	58%	58%	

Indicator	2023	2022	2021	2020	Section
SOCIAL					
General					
Number of employees by country					
France	1,302	1,235	1,175	1,139	
Hungary	1,044	935	919	794	
Germany	839	771	735	582	
United Kingdom	219	256	245	194	
Italy	220	208	228	214	
Other	45	44	40	43	
Total	**3,669**	**3,449**	**3,342**	**2,966**	
Breakdown of workforce by contract type (%)					
Permanent contracts	90%	90%	88%	91%	
Fixed-term contracts	10%	10%	12%	9%	5.4.1 Human capital, a key asset for the Group
Total	**100%**	**100%**	**100%**	**100%**	
Breakdown of workforce by age (%)					
< 30	14,4%	14,2%	13,5%	/	
30 to 50	53,6%	53,4%	53,9%	/	
> 50	32,0%	32,4%	32,6%	/	
Total	**100%**	**100%**	**100%**	**/**	
Breakdown of workforce by business function (%)					
Sales	3.4%	2.7%	/	/	
Production	76.1%	79.0%	/	/	
R&D	11.6%	10.4%	/	/	
Support functions	8.9%	7.9%	/	/	
Total	**100%**	**100%**	**/**	**/**	

Indicator	2023	2022	2021	2020	Section
SOCIAL					
Changes in workforce					
Hiring rate	**16.7%**	**14.3%**	**14.4%**	**/**	
New hires by country					
France	192	177	/	/	
Hungary	252	143	/	/	
Germany	110	93	/	/	
United Kingdom	21	50	/	/	
Italy	33	18	/	/	
Other	6	13	/	/	
Total	**614**	**494**	**/**	**/**	
Turnover rate	**14.7%**	**12.9%**	**/**	**/**	
Departures by country					
France	126	114	/	/	5.4.4 Promote talent management and personal development
Hungary	137	119	/	/	
Germany	55	52	/	/	
United Kingdom	54	42	/	/	
Italy	20	20	/	/	
Other	6	9	/	/	
Total	**398**	**356**	**/**	**/**	
Departures by motive (share)					
Voluntary resignation (fixed-term contracts)	33	38	/	/	
Voluntary resignation (permanent contracts)	140	102	/	/	
Mutual agreement	51	48	/	/	
Involuntary dismissal	27	19	/	/	
Expiration of fixed-term contracts	75	76	/	/	
Retirement	43	43	/	/	
Other	29	30	/	/	
Total	**398**	**356**	**/**	**/**	
Health and Safety (employees temporary contractors)					
Lost Time Injury frequency rate per 1,000,000 hours worked	2.1	1.8	/	/	5.4.2 Ensure the health and safety of employees and subcontractors
Number of recordable LTI	16.0	/	/	/	
Total Recordable Injury frequency rate per 1,000,000 hours worked	2.8	2.9	/	/	
Number of recordable RTI	21.0	/	/	/	
Accident severity rate per 1,000,000 hours worked*	39.9	15.7	/	/	
Fatality rate	0.0	0.0	0	/	
Employee development					
Number of training hours completed	38,230	/	/	/	5.4.4 Promote talent management and personal development
Average number of training hours per employee	9.6	/	/	/	
Number of employees who took at least 1 training course	3,782	/	/	/	
Employees provided training (% total employees)	95%	/	/	/	
Employee engagement					
Share capital held by employees (%)	1.6%	0.6%	/	/	5.4.6 Ensure fair employee compensation and benefits
Proportion of employee shareholders (%)	48%	67%	/	/	
Employees participating in performance reviews (%)	99%	/	/	/	
Employee engagement survey participation rate (%)	N/A	68%	/	/	
Employee engagement rate (%)	N/A	63%	/	/	
Absenteeism rate (%)	4.9 %	/	/	/	

Indicator	2023	2022	2021	2020	Section
SOCIAL					
Diversity and inclusion					
Women in total workforce (%)	28.8%	28.2%	27.1%	24.3%	5.4.5 Foster diversity and equal opportunity
Women members of Board of Directors (%)	58.3%	53.8%	/	/	
Women members of Executive Committee (%)	36.4%	15.4%	/	/	
Women in Extended Leadership team (%)	35.9%	30.0%	/	/	
Women in senior leadership positions (%)	34.1%	33.9%	/	/	
Women in new hires (%)	34%	39.6%	/	/	
Gender equality index: Index Pénicaud, for France	83/100	76/100	/	/	
Employees with disabilities/average workforce, for France (%)	4.9%	6.9%	6.9%	/	
Number of disabled employees	141	/	/	/	
Number of disabled employees hired	1	/	/	/	
Rate of entitled employees who took family related leave	4%	/	/	/	
Number of nationalities in the Group	45	45	/	/	

* *An error in published data last year stated very low severity rate, it has been corrected here.*

Indicator	2023	2022	2021	2020	Section
ETHICS + COMPLIANCE					
General					
Employees trained on Code of Ethics and Compliance (%)	95%	95%	/	/	5.5.1 Put ethics and compliance at the heart of the Group's business relationships
Employees trained on Anti-Corruption (%)	95%	/	/	/	
Personal data protection					
Employees trained on GDPR (General Data Protection Regulation) (%)	94%	95%	/	/	5.5.3 Promote data protection
Product quality + client satisfaction					
Number of product recalls	0	0	/	/	5.2.1 Ensure product quality
Number of regulatory inspections [(1)]	1	4	/	/	
Number of client audits [(2)]	56	56	/	/	
Responsible supply chain					
Raw material expenditure: Europe vs non-Europe	71% vs 29%	71% vs 29%	/	/	5.2.4 Implement responsible purchasing
Responsible procurement					
Response rate of new suppliers of raw material who have signed the supplier code of conduct	87%				

(1) Inspections conducted by the European Medicines Agency and/or the US Food and Drug Administration.
(2) Inspections conducted at Group sites.

Indicator	2023	2022	2021	2020	Section
GOVERNANCE					
General					
Number of members of the Board of Directors at December 31	12	13	/	/	Chapter 2 Sections 2.1 and 2.2
Independent members* of the Board of Directors at December 31 (%)	50%	63%	/	/	
Women on the Board of Directors (%)	58.3%	54%	/	/	
Women on the Executive Committee (%)	36.4%	15%	/	/	
Number of meetings of the Board of Directors held during report year	9	4	/	/	
Directors present at Board meetings held during report year (%)	93%	98%	/	/	

**A member of the Board of Directors is considered "independent" when she/he has no relationships of any kind with the Company, its Group or its Management, which could impair the free exercise of her/his judgement.*

Procurement Indicators

New suppliers of raw material response rate to the qualification process

The indicator relative to the respondents rate compliant with our qualification process (response to the ESG questionnaire, signature of the Code of Ethic and of the Code of conduct) includes only new suppliers of raw material in 2023. 100% of them were asked to respond to those 3 documents available on a platform EUROAPI shares with its suppliers.

Raw material expenditure

This indicator includes effective products purchased and paid. It excludes products in transit, freight, accounting adjustment and custom duties.

Ethics & Compliance Data

Scope of consolidation

Data cover all employees of the Group companies, excluding employees counted as missing for reason such as medical leave, maternity leave, explaining why they were unable to complete the training session.

These data are reported for the year ended December 31, 2023.

Indicators

Ethics and Compliance Indicator

It includes 2 training sessions:

- Code of Ethics;
- Alert Management.

In 2022 those 2 training sessions were rated separately, they both had a response rate of 95%, while in 2023 they are considered as one indicator completed when the 2 sessions are accomplished.

Anti-corruption indicator

This indicator introduced in 2023 includes 3 training sessions:

- Fighting corruption;
- Anti-bribery and due diligence;
- Gift and invitations.

GDPR (General Data Protection Regulation) indicator

GDPR training is mandatory for all European employees and consist in one e-learning training of 20 minutes.

Social data

Scope of consolidation

Workforce data are consolidated for all of the Group's companies that are also fully consolidated for financial reporting purposes. The scope of workforce reporting covers all Group activities (industrial, sales and administrative) and all site locations (including Biano, our last acquisition).

Workforce data is reported for all Group employees with a fixed-term or permanent employment contract, as of December 31, 2023.

Reporting methods

Three reporting methods are used to collect workforce data:

- most workforce data indicators are collected and consolidated using the Workday Global HR platform, which is used to record workforce numbers and movements for all site locations;
- certain indicators (notably the gender pay gap and absenteeism rate) are collected via the payroll systems used in each country where the Group has operations and are consolidated for reporting purposes; and
- certain indicators (participation in programs and events, etc.) are collected by the department concerned at individual sites and are consolidated for reporting purposes.

These data are reported for the year ended December 31, 2023.

Indicators

Employee distribution by country

Indicates the number of employees by country of work: France, Hungary, Germany, United Kingdom, Italy and Other. Other includes countries with commercial operations only and proportionally fewer employees: United States, Slovakia, Russia, China and Japan.

New hires and departures

New hires and departures for the Group excludes all intragroup movements such as international, inter-company or inter-site transfers. It includes new hires and departures for companies that were consolidated for the first time or acquired during the year. Conversions of fixed-term contracts into permanent contracts are not included unless there is a gap of more than one day between the two contracts, in which case they are counted as a departure and a new hire.

Turnover

Indicates the turnover rate for the Group distributed by country of work: France, Hungary, Germany, United Kingdom, Italy and Other. Other includes countries with commercial operations only and proportionally fewer employees: United States, Slovakia, Russia, China and Japan.

Women in extended leadership team and senior leadership positions

The extended leadership team includes Executive Committee members, Country Heads and key senior leadership positions. A senior leadership position is defined based on grading. Persons in these positions have an impact on the attainment of financial objectives.

Gender pay gap

The data are effective as of December 31, 2023 and include all employees in France. The data exclude temporary workers and members of the Executive Committee.

Gender equality index for France (Pénicaud index)

This gender equality index is a requirement under French law. The main indicators are: gap in basic and variable pay plus personal bonuses, gap in distribution of pay rise, gap in distribution of promotions, % of female employees given a pay rise. You can find further details on the methodology on the French Government website (in French only).

Health and safety data

Scope of consolidation

Health and safety data are consolidated for all companies within the Group that are also fully consolidated for financial reporting purposes. Reporting covers all Group activities (industrial, sales and administrative) and all site locations.

Health and safety data are reported for all Group employees, as well as for subcontractors and temporary workers, for the year ended December 31, 2023.

Reporting methods

The Group applies reporting standards for health and safety information to ensure the consistency and reliability of indicators monitored across all operations. These standards specify the methodologies, definitions and calculation methods to be used. The Group also uses standard data collection tools.

The SHERPA system is used to collect and consolidate health and safety data for all sites.

The data are reported for the full year ending December 31, 2023.

Indicators

Lost Time Injury frequency rate

Lost Time Injury (LTI) frequency rate refers to the number of accidents resulting in lost time of one day or more during the reporting year, per one million hours worked.

Hours worked refers to the time during which any employee, subcontractor or temporary worker is exposed to occupational risks. Accidents occurring during a home-workplace commute are not included in this indicator; however, they are included for travelling medical representatives, in accordance with internal reporting rules. Work accidents occurring when working remotely are included in this indicator.

Total Recordable Injury frequency rate

Total Recordable Injury (TRI) frequency rate is the number of occupational injuries with or without lost time during the reporting year, per one million hours worked.

Accident severity rate

Accident severity rate refers to the number of lost days per one million hours worked. Lost days are the number of calendar days during which a person does not work following a work-related injury.

An error in published data last year (stated very low severity rate) has been corrected this year.

Environmental data

Scope of consolidation

Environmental data are consolidated for all Group companies with an industrial activity, specifically the six industrial sites located in Europe, that are also fully consolidated for financial reporting purposes.

In order to assess environmental impact at group level, the scope of environmental reporting also includes sales and administrative sites for certain indicators when feasible. Certain sites share their premises with other companies and are unable to obtain the information required for the Group's reporting purposes. Data pertaining to the Group's sales and administrative sites were factored into the calculation of Scope 3 GHG emissions.

Reporting methods

The Group applies environmental reporting standards to ensure the consistency and reliability of indicators across operations. These standards set out the methodologies, definitions, calculation methods and emission factors to be used. The Group also uses standard data collection tools.

The SHERPA system is used to collect and consolidate environmental data for the Group's six industrial sites. Most environmental data are collected on a quarterly basis with the exception of wastewater discharge, solvent consumption and VOC emissions which are collected annually.

The data are reported for the full year ending December 31, 2023 with the an exception for the environmental data.

All environmental indicators are on a rolling year from 01/10/N-1 to 30/09/N except for solvents, VOC and ISO certifications.

GHG emissions (Scope 1, Scope 2, and Scope 3), energy data, water data and wastewater discharge that are reported for the 12-month period from October 1 of the previous year to September 30 of the reported year.

Certain environmental data, notably data required for the calculation of Scope 3 GHG emissions, are collected by the department concerned using different systems, and are consolidated for reporting purposes.

Indicators

Greenhouse gas emissions

CO_2 emissions associated with the Group's activities are calculated in accordance with the concepts defined by the GHG Protocol. The GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. The data are reported for the 12-month period from October 1 of the previous year to September 30 of the current year.

Improvement in the perimeter and methodology were made in 2023, in order to fine tune the accuracy of GHG data.

Direct emissions (Scope 1) include emissions from the use of natural gas, fuels and refrigerants at the Group's six industrial sites. Emissions of energy sold are subtracted from the Group's emissions. Scope 1 does not currently include emissions from chemical processes, such as fermentation, which are deemed to be negligible, given that the Group is an organic chemistry company rather than one active in the areas such as cement, aluminum, or ammonia.

Indirect emissions (Scope 2) are those from the generation of energy such as electricity or steam by external suppliers, purchased by the Company and are calculated using relevant emission factors. Emission factors are obtained from databases published by the International Energy Agency (IEA), and the Department for Environment, Food and Rural Affairs (DEFRA), and are updated annually for our six industrial sites. Emissions generated by the production of steam are calculated based on site-specific factors or estimated using the Group's own internal standards.

Indirect emissions (Scope 3) that occur in the Group's value chain primarily include emissions associated with purchased goods and services, waste disposal and the processing of sold products. Scope 3 emissions are not directly tracked in the SHERPA system but are calculated using standard calculation methods and emission factors:

- purchased goods and services (category 1) is calculated based on quantities purchased;
- waste generated in operations (category 5) is calculated based on quantities and type of waste generated and type of treatment; and
- processing of sold products (category 10) is calculated based on quantities sold.

Emission factors used to calculate Scope 3 emissions are obtained from official databases including those published by EcoInvent, the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and the Department for Environment, Food and Rural Affairs (DEFRA).

Although the Group has made continuous efforts to improve the reliability of the data related to its Scope 3 emissions, a certain degree of uncertainty remains. Unlike Scope 1 and 2 emissions, changes in Scope 3 emissions from one year to the next could be attributed to the methods of calculation employed or to the quality of the data available and not necessarily to a variation in performance.

According to the GHG protocol, certain Scope 3 categories do not apply to the Group's business activity or are accounted for under other emissions categories. These categories include:

- Category 8 (Upstream leased assets): associated emissions are included in Scope 1 and 2 calculations for energy use;
- Category 9 (Downstream transportation and distribution): the Group does not sell products directly to consumers; all transportation and distribution are included in Category 4;
- Category 11 (Use of sold products): the Group does not sell products directly to consumers;
- Category 13 (Downstream leased assets): this category is not relevant to the Group's business activities;
- Category 14 (Franchises): the Group does not operate franchises; and
- Category 15 (Investments): associated emissions are included in other categories where relevant.

The change to improve the reporting accuracy and to have indicators closer to reality, the Group has evolved its methodology:

- The perimeter now includes Francopia activities and trading activities emissions such as Reverse Manufacturing and Supply Agreements, as well as exhaustive calculation of upstream transportation and distribution;
- The methodology is aligned with the latest World Business Council for Sustainable Development (WBCSD) guidelines for Chemicals concerning sales of energy and aligned with GHG Protocol guidelines for the purchase of indirect goods and services. It also includes review of the emissions factors and emissions sources.

In order to be able to monitor evolution, historical data has been updated accordingly (see table below). The % change in the following tables are calculated between 2023 emissions with last year methodology and perimeter and corrected 2022 emissions. The growth rates between 2022 and 2023 were calculated on the perimeter of 2022 for more consistent comparison with 2022 corrected data.

Scopes 1 & 2 emissions (in metric tons of CO_2e)	2023	2023 LY metho. & LY perimeter	2022 corrected	2022 published	2021	2020	Change due to EUROAPI activity (2023 LY metho. &LY perimeter** vs. 2022 corrected)
Scope 1 GHG emissions	63,086	62,606	61,250	61,317	73,582	74,043	2%***
Scope 2 GHG emissions	28,614	26,450	30,061	30,061	27,371	40,003	- 12%***
Total Scopes 1 & 2 GHG emissions	**91,700**	**89,056**	**91,311**	**91,378**	**100,953**	**114,046**	**- 2%*** **

Scope 3 GHG emissions *(in metric tons of CO_2e)*	2023	2023 LY metho. & LY perimeter	2022 corrected	2022 published	2021	Change due to EUROAPI activity (2023 LY metho. &LY perimeter** vs. 2022 corrected)	
1. Purchased goods and services	397,812	263,943	280,661	280,661	313,117	-6%	
2. Capital goods	16,086	32,875	35,031	24,355	22,219	-6%	
3. Fuel and energy-related activities	29,648	22,605	24,698	24,698	23,650	-8%	***
4. Upstream transportation and distribution	23,719	N/A*	22,906	22,906	22,906	+4%	**
5. Waste generated in operations	144,505	144,505	136,287	128,621	132,665	+6%	***
6. Business travel	996	993	526	1,159	2,000	+89%	
7. Employee commuting	6,237	6,237	5,445	5,445	4,873	+15%	
8. Upstream leased assets	N/A	N/A	N/A	N/A	N/A	/	
9. Downstream transportation and distribution	N/A	N/A	N/A	N/A	N/A	/	
10. Processing of sold products	76,235	N/A*	78,138	78,138	117,448	-2%	**
11. Use of sold products	N/A	N/A	N/A	N/A	N/A	/	
12. End-of-life treatment of sold products	9,828	N/A*	6,885	6,885	6,554	+43%	**
13. Downstream leased assets	N/A	N/A	N/A	N/A	N/A	/	
14. Franchises	N/A	N/A	N/A	N/A	N/A	/	
15. Investments	N/A	N/A	N/A	N/A	N/A	/	
Total Scope 3 GHG emissions	**705,065**	**580,940**	**590,577**	**572,868**	**645,432**	**-1.6%**	

* *Error in calculations that does not qualify as a methodology change: error of unit, error in calculation formulas.*
** *When "2023 LY metho and LY perimeter" is not available, evolution is calculated between 2023 and 2022 corrected.*
*** *Rolling year Q4 2022 - Q3 2023 for energy and waste.*

Carbon neutrality

Carbon neutrality can be achieved through the use of renewables, by generating energy directly or by purchasing energy from suppliers that can provide zero emissions energy. The carbon-neutral objective covers Scope 1, 2 and 3 emissions and includes production sites, R&D sites and tertiary sites. Other local specific emissions factors can also be used in line with the statements of suppliers.

Water consumption and withdrawal

The difference between our total water consumption and total water withdrawal is due to differences in data collection equipment. Certain sites have closed water loop systems that are not included in water withdrawal data.

Waste

The distinction between hazardous and non-hazardous operational waste corresponds to that made in European regulations, in the case of European Union member states, or in local regulations, in the case of other countries. Radioactive and medical waste, as well as waste containing solvents, is reported as hazardous waste.

Hazardous waste is defined as any waste having one or more of the hazardous properties listed in Annex III of European Directive 2008/98/EC and US CFR part 261 subpart C.

Waste arising from soil decontamination, construction and deconstruction operations (one-time waste) is reported separately in the SHERPA system, only for generated quantities and is not included in the published total for the Group's operating activities.

Recovery rate concerns operational waste only and corresponds to waste (both hazardous and non-hazardous) that is recycled (material recovery) or incinerated off-site using waste-to-energy technology (energy recovery).

A site is considered to be "zero waste to landfill" when its landfill disposal rate is less than 1%.

Wastewater discharge

The data presented correspond to effluents at the discharge point of the industrial sites. The data reported cover all Group sites (other than tertiary and logistics sites, which contribute only marginally to COD (Chemical Oxygen Demand) releases). The data are reported for the 12-month period from October 1 of the previous year to September 30 of the current year.

Energy, GHG, Water and Waste Intensities

Refers to the quantity used / wasted for each category according to the revenue (net turnover) of the company, expressed as follows:

$$\frac{\text{Mwh (Energy)/t CO}^2\text{ Eq. GHG)/ M3 (Water and Waste)}}{\text{Turnover (Monetary Unit)}}$$

The environmental data disclosed in this report are for the 12-month period from October 1 of the previous year to September 30 of the current year, therefore the referenced turnover for the calculation of the ratio is from the same time period.

5.7.2 Independent third-party report

EUROAPI

Year ended December 31, 2023

Independent third party's report on consolidated non-financial statement

To the General Assembly,

In our quality as an independent third-party organization, accredited by the COFRAC (COFRAC Accreditation Inspection No. 3-1681, scope available on www.cofrac.fr) and as a member of the network of one of the statutory auditors of your company (hereinafter "Entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended December 31, 2023 (hereinafter the "Statement") with the provisions set out in Article R. 225-105 of the French Commercial Code and the sincerity of the historical information (recorded or extrapolated) provided pursuant to 3° of I and II of Article R. 225105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the procedures of the Entity (hereinafter the "Reference Framework"), presented in the management report pursuant to the provisions of Articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures performed, as described in the "Nature and scope of work" section, and the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to rely to evaluate and measure the Information allows for the use of different, but acceptable, measurement techniques that may affect comparability across entities and over time.

Therefore, the Information should be read and understood with reference to the guidelines, the material elements of which are presented in the Statement.

Limitations in the Preparation of Information

The Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of the external data used. Certain information is subject to the methodological choices, assumptions and/or estimates used for its preparation and presented in the Statement.

Entity's Responsibility

It is the responsibility of the Board of Directors to :

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators and, in addition, the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);

- prepare the Declaration by applying the Entity's Repository as mentioned above;
- as well as to put in place the internal control it deems necessary to establish Information that does not contain material misstatement, whether due to fraud or error.

The Declaration was prepared by the Board of Directors.

Responsibility of the independent third part

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code;
- the sincerity of the historical information (observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225105 of the French Commercial Code, i.e. the results of the policies, including key performance indicators, and the actions, relating to the main risks.

As it is for us to make an independent conclusion about the Information as prepared by management, we are not permitted to be involved in the preparation of such Information, as this could compromise our independence.

It is not for us to pronounce on:

- the Entity's compliance with other applicable legal and regulatory provisions (in particular with regard to the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the vigilance plan and the fight against corruption and tax evasion);
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- compliance of products and services with applicable regulations.

Regulatory provisions and applicable professional doctrine

Our work described below has been carried out in accordance with the provisions of Articles A. 2251 et seq. of the French Commercial Code, our audit program consisting of our own procedures (Verification Program for the Statement of Non-Financial Performance, of July 7, 2023), and the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes relating to this intervention, in particular the technical opinion of the Compagnie Nationale des Commissaires aux Comptes, Intervention of the Statutory Auditor - Intervention of the OTI - Declaration of Non-Financial Performance, and the international standard ISAE 3000 (revised)[1].

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Means and resources

Our work mobilized the skills of 5 people and took place between September 2023 and March 2024 over a total duration of intervention of eleven weeks.

To assist us in carrying out our work, we have called on our specialists in sustainable development and social responsibility. We conducted a dozen interviews with the people responsible for preparing the Declaration, representing in particular the Procurement, Supply Chain, Health and Safety, Environment, Research and Development, Quality, Business Ethics, Human Resources and Industrial Operations departments.

Nature and extent of work

We planned and performed our work taking into account the risk of material misstatement of the Information.

In our opinion, the procedures we have conducted in the exercise of our professional judgment allow us to reach a limited level of assurance:

a) we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;

b) we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;

c) we verified that the Statement covers each category of information set out in III of Article L. 225-102-1 of the French Commercial Code in social and environmental matters as well as respect for human rights and the fight against corruption and tax evasion and includes, where applicable, an explanation of the reasons justifying the absence of the information required by the 2nd paragraph of III of Article L. 225-102-1 of the French Commercial Code;

d) we verified that the Statement presents the information set out in II of Article R. 225-105 of the French Commercial Code when it is relevant to the main risks;

e) we have verified that the Statement presents the business model and a description of the main risks related to the business of all entities included in the scope of consolidation, including, where relevant and proportionate, risks created by its business relationships, products or services as well as policies, actions and results, including key performance indicators (KPIs) related to key risks;

f) We consulted literature sources and conducted interviews to:

- assess the process of selection and validation of the main risks as well as the consistency of the results, including the key performance indicators selected, with regard to the main risks and policies presented, and
- corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. For certain risks (Product Quality and Safety, Continuity of Supply, Data Protection, Responsible Procurement, Responsible Innovation, Business Ethics, Human Rights, Human Resources), our work was carried out at the level of the consolidating entity, for the other risks, work was carried out at the level of the consolidating entity and in a selection of entities listed below: the Brindisi site (Italy) and the Saint-Aubin-lès-Elbeuf (France) site;

g) we have verified that the Statement covers the consolidated scope, i.e. all the entities included in the scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code;

h) we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;

i) For the key performance indicators and other quantitative results that we considered most important presented in Annex 1, we implemented:

- analytical procedures to verify the proper consolidation of the data collected as well as the consistency of their evolution;
- detailed tests on the basis of sample tests or other means of selection, consisting of verifying the correct application of definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities listed above and covers between 49% and 75% of the consolidated data selected for these tests (49% of VOC emissions, 51% of total energy consumption and 75% of water withdrawals);

j) we assessed the overall consistency of the Disclosure in relation to our knowledge of all the consolidated entities.

The procedures used for a limited assurance engagement are less extensive than those required for a reasonable assurance engagement conducted according to professional doctrine; a higher level assurance would have required more extensive audit work.

Paris-La Défense, February 29, 2024

The Independent Third Party Organization
EY & Associates
Christophe Schmeitzky
Sustainability Associate

Appendix 1: The most important information

Social Information

Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Turnover (%) Share of women in the Group's salaried workforce (%) Share of women on the Board of Directors (%) Share of women on the Executive Committee (%) Share of women in the Extended Leadership Team (%) Share of women in the Senior leadership position (%) Frequency rate of accidents at work with lost time Severity rate of accidents at work	Employment (attractiveness, retention) Employee health and safety Social relations (social dialogue, collective agreements), talent management and personal development) Diversity and equal opportunities, fight against discrimination

Environmental Information

Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Scope 1, 2 GHG emissions (tCO_2e) Scope 3 GHG emissions (Category 1, 2, 3 and 5) (tCO_2e) Total energy consumption (MWh) Share of renewable energy (%) Percentage of ISO 14001 and ISO 50001 certified sites (%) Quantity of hazardous and non-hazardous waste produced (t) Percentage of waste landfilled (%) Percentage of waste recycled (%) Water withdrawals (m^3) Quantity of wastewater discharged (m^3) Quantity of organic solvents consumed (t) Percentage of recycled solvents (%) Volatile Organic Compound Emissions (t)	Results of environmental policy Measures to reduce waste (water, air, soil, etc.) Climate change (significant sources of emissions due to activity, reduction targets) and energy efficiency Waste management Water management

Societal Information

Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Share of Employees trained on the Code of Ethics and Compliance (%) Share of Employees trained in GDPR (%) Share of Employees trained in anti-corruption (%) Number of customer quality audits (Nb) Number of product recalls (No.) Raw Material expenditure: Europe vs. non-Europe (%) Response rate of new suppliers of raw material who have signed the supplier code of conduct (%)	Responsible procurement Actions in favor of human rights, in particular respect for the fundamental ILO Conventions Measures implemented to promote responsible innovation Actions taken to combat corruption

Euroapi - Frankfurt (Germany)

6

SHARE CAPITAL AND SHAREHOLDING STRUCTURE OF THE COMPANY

6.1 ITEMS THAT MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Shareholders holding more than 5% of the capital on the date of the Universal Registration Document

The table below sets out the distribution of the Company's share capital as of the date of the Universal Registration Document:

Shareholder	Number of shares	% of share capital	Number of voting rights	% of voting rights	Share classes
Sanofi Aventis Participations	28,298,074	29.77%	28,298,074	29.77%	ordinary shares
BpiFrance Investissement	11,283,226	11.87%	11,283,226	11.87%	ordinary shares
L'Oréal	5,140,317	5.41%	5,140,317	5.41%	ordinary shares
Kopernik Global Investors	5,401,076	5.68%	4,976,393	5.24%	ordinary shares
MAK Capital	4,765,047	5.01%	4,765,047	5.01%	ordinary shares and swap exposure
Public	40,165,944	42.30%	40,590,627	42.70%	ordinary shares
TOTAL	**95,053,684**	**100%**	**95,053,684**	**100%**	**ordinary shares**

Prior to Sanofi's combined Annual Shareholders' Meeting, held on May 3, 2022, and called to decide on the Distribution in Kind, the shares of the Company, representing approximately 70% of the Company's share capital that were be distributed to Sanofi's shareholders (other than Sanofi itself and holders of shares issued upon the exercise of Sanofi stock options since January 1, 2022) and sold as part of the Investment (as defined below), has been be purchased by Sanofi from Sanofi Aventis Participations.

Sanofi group is a global pharmaceutical company involved in the research, development and marketing of therapeutic solutions focused on the needs of its patients. The Group is the outcome of numerous mergers and acquisitions, particularly the merger of Sanofi and Synthélabo in 1999, the acquisition of Aventis in 2004 (from the merger of Hoechst and the Rhône-Poulenc Rorer group) and the acquisition of Genzyme in 2011. Sanofi's shares are listed on the regulated market of Euronext Paris, compartment A (Euronext: SAN) and on the Nasdaq Global Select Market (Nasdaq: SNY) as American Depositary Shares.

The Company, Sanofi and EPIC Bpifrance, acting on behalf of the French State under the French Tech Souveraineté protocol of December 11, 2020, as amended (the "Investor"), have entered into an investment agreement (the "Investment Agreement") pursuant to which the Investor has undertaken to acquire from Sanofi a number of shares representing 12% of the share capital of the Company as of the date of payment of the Distribution in Kind, i.e., May 10, 2022, at a price equal to the lowest of (i) the volume-weighted average price of the Company's shares over a period of 30 consecutive trading days from the date of admission of the Company's shares to trading on the regulated market of Euronext Paris, i.e., May 6, 2022, and (ii) €150 million (the "Investment"). The Investor's commitment to invest was subject to several conditions precedent, including the admission of the Company's shares to trading on the regulated market of Euronext Paris and the approval of Sanofi's shareholders, at a meeting on May 3, 2022, on the Distribution in Kind. The settlement and delivery of the EUROAPI shares purchased by the Investor under the Investment took place on the business day following the end of the 30-day period, i.e., on June 17, 2022.

Under the terms of the Investment Agreement, the Investor has the right to propose the appointment of (i) two members of the Board of Directors of the Company, including one member of the Nominations and Compensation Committee, as long as the Investor holds at least 10% of the share capital of the Company, or (ii) one member of the Board of Directors who could also be a member of the Nominations and Compensation Committee, as long as the Investor holds at least 5% and less than 10% of the share capital of the Company.

On March 30, 2022, the sole shareholder of the Company decided, subject to the condition precedent of the admission of the Company's shares to trading on the regulated market of Euronext Paris, (i) to appoint Bpifrance Investissement, represented by Benjamin Paternot as member of the Board of Directors and member of the Nominations and Remuneration Committee of the Company, and (ii) to appoint Mr. Jean-Christophe Dantonel as member of the Board of Directors of the Company upon proposal of the Investor. Sanofi has undertaken to vote in favor of the appointment and/or re-appointment of the candidates proposed by the Investor for a period of 12 years as from the decision of the sole shareholder of the Company deciding on the appointment of Bpifrance Investissement and Mr. Jean-Christophe Dantonel as members of the Board of Directors of the Company, or March 30, 2022, unless the Investor

ceases to hold a number of shares representing at least 5% of the Company's capital and Sanofi ceases to hold EUROAPI shares. In addition, the Investor has undertaken to vote in favor of the appointment of a representative of Sanofi (or one of its successors) to the Company's Board of Directors and Audit Committee, subject to Sanofi's compliance with its voting commitment described above and Sanofi's holding of a number of shares representing at least 5% of the Company's share capital.

In February 2024, the Company, Sanofi and the Investor agreed to extend the duration of the Investment Agreement until December 2025.

In addition, under the terms of the Investment Agreement, the Investor has undertaken in particular to:

- ensure that its representatives on the Company's Board of Directors (the "Representatives") are not appointed to or hold positions on the supervisory or governance bodies of any entity (or its affiliates) whose business competes with that of the Company, unless (i) such appointment has been approved by the Company or (ii) in the event that a Representative is a legal entity arrangements are in place that prevent the exchange of commercially sensitive information relating to the Company and its business between the permanent representative of such legal entity Representative (or its employees, officers or agents with commercially sensitive information relating to the Company and its business) and the employees, officers or agents of such legal entity Representative who directly supervise and manage an investment of the Investor in a competing company; and
- adopt strict compliance rules and conflict of interest procedures to prevent the Investor (including any person or entity controlling, controlled by, or under common control with the Investor) from using any information provided to the Investor as a result of its representation on the Board of Directors in a manner that would be detrimental to the Company or any entity controlled by the Company.

In addition, under the terms of the Investment Agreement, (i) the Investor has undertaken to retain the EUROAPI shares purchased for a period of 24 months from the date of settlement and delivery of the EUROAPI shares purchased under the Investment, i.e., on June 17, 2022, and (ii) Sanofi (including its affiliates) has undertaken to retain the EUROAPI shares held from the date of payment of the Distribution in Kind for a period of 24 months following the date of settlement and delivery of the EUROAPI shares acquired under the Investment, in both cases subject to certain usual exceptions.

Sanofi and the Investor are not acting in concert within the meaning of article L. 233-10 of the French Commercial Code *(Code de commerce)* with respect to the Company.

Crossing of thresholds

Shareholders have a legal obligation to notify the Company and the French financial markets authority (*Autorité des marches financiers* – the "AMF") by letter when a legal threshold is crossed, specifying in particular their fractional ownership of the Company's shares and voting rights, within the legal deadline. In addition, Article 9 of the Company's Articles of Association provides for the obligation for shareholders to notify the Company when a threshold representing a fraction of the capital or voting rights greater or equal to 1%, or any multiple of this percentage is crossed (see section 7.4.7 "Statutory disclosure thresholds" of this Universal Registration Document).

From January 1, 2023 to the date of this Universal Registration Document, the Company received the following legal threshold crossing declarations pursuant to Article L. 233-7 of the French Commercial Code and declarations regarding thresholds contained in the Article of Association:

Shareholder	Date of crossing	Type of threshold/ crossing	Threshold crossed	Number of shares	% of share capital	% of voting rights
BlackRock Inc	05/23/2023	Legal, downward	5.00%	4,466,874	4.72%	4.72%
CDC	12/11/2023	Legal, upward	5.00%	4,807,903	5.05%	5.05%
CDC	01/25/2024	Legal, downward	5.00%	4,747,296	4.99%	4.99%
MAK Capital	02/08/2024	Legal, upward	5.00%	4,765,047	5.01%	5.01%
Kopernik Global Investors	03/12/2024	Legal, upward	5.00%	5,401,076	5.68%	5.24%

Note: % of share capital and voting rights on the date of the declaration.

Transactions performed on the Company's shares by officers and persons treated as such

The table below presents a summary (Article 223-26 of the AMF Regulation) of the transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out during the financial year 2023.

First name, Last name, Company name	Position	Financial instrument	Nature of transaction	Date	Price *(in €)*	Transaction amount *(in €)*
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Control of the Company

As of the date of this Universal Registration Document and since the distribution in kind of the Company's shares by Sanofi in connection with its listing on the regulated market of Euronext Paris, Sanofi no longer controls the Company within the meaning of Article L. 233-3 of the French Commercial Code.

Sanofi continues to hold, through Sanofi Aventis Participations, approximately 30% of the capital and voting rights of the Company and is as such in a position to exert significant influence on the Group's strategic decisions.

However, the Board of Directors is composed of six independent members and Sanofi, through its subsidiary Sanofi Aventis Participations, has only one representative out of the 12 members of the Company's Board of Directors.

In addition, the Company has set up an Audit Committee, a Nominations and Compensation Committee and an ESG Committee composed mostly of independent directors.

Agreements likely to result in a change of control

As of the date of the Universal Registration Document, there is no agreement that, if implemented, could lead to a change of control of the Company.

6.2 DIVIDEND POLICY

The Company intends to focus, in the short and medium term, on reinvesting the cash flows generated by its business to support its growth strategy.

6.3 SHARE CAPITAL

Subscribed and authorized but unissued share capital

As of the date of the Universal Registration Document, the Company's share capital is €95,053,684, divided into 95,053,684 shares with a nominal value of €1 each, fully paid up.

The Company's share capital is composed of ordinary shares only.

The financial delegations described below have been approved by the Annual General meeting held on May 11, 2023.

Nature of delegation	Period of validity/ expiration	Ceiling	Price determination methods
Authorization granted to the Board of Directors to purchase the Company's own shares.	18 months	10%	Maximum purchase price per share is set at 200% of the price per share set in connection with the admission to trading of the Company's shares.
Authorization granted to the Board of Directors to reduce the share capital by cancellation of shares under the authorization to buy back its own shares.	18 months	10%	Any excess of the purchase price of the shares over their nominal value shall be charged to the share premium, merger or contribution items or to any available reserve item.
Delegation of authority to the Board of Directors to increase the capital by the issuance of ordinary shares and/or any securities, with preferential subscription rights for shareholders.	26 months	€47 million[(1)(2)]	The price shall be set by the Board of Directors.
Delegation of authority to the Board of Directors to increase the share capital by the issuance of ordinary shares and/or any other securities, without preferential subscription rights for shareholders and with a public offering (other than the offers referred to in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code).	26 months	€9.4 million[(1)(2)]	The issue price of the shares and securities that may be issued pursuant to this delegation shall be set by the Board of Directors in accordance with the provisions of Articles L. 22-10-52 and R. 22-10-32 of the French Commercial Code. On the date of the shareholders' meeting, the issue price of the shares shall be at least equal to the volume-weighted average of the prices of the last three (3) trading sessions preceding the start of the public offering on the regulated market of Euronext in Paris, possibly reduced by a maximum discount of 10%.
Delegation of authority to the Board of Directors to increase the share capital by the issuance of ordinary shares and/or any other securities, without preferential subscription rights for shareholders, in the context of a public offering to qualified investors or a limited circle of investors, as referred to in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code.	26 months	€9.4 million[(1)(2)]	The issue price of the shares and securities that may be issued pursuant to this delegation shall be set by the Board of Directors in accordance with the provisions of Articles L. 22-10-52 and R. 22-10-32 of the French Commercial Code. On the date of the shareholders' meeting, the issue price of the shares shall be at least equal to the volume-weighted average of the prices for the last three (3) trading sessions prior to the start of the public offering within the meaning of Regulation (EU) 2017/1129 of June 14, 2017, as amended, on the regulated market of Euronext Paris, possibly reduced by a maximum discount of 10%.
Delegation of authority to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without preferential subscription rights.	26 months	€47 million[(2)]	Same price as for the initial issuance.
Authorization granted to the Board of Directors, in the event of an issue of shares or any other securities with cancellation of preferential subscription rights for shareholders, to set the issue price within the limit of 10% of the share capital.	26 months	10%	The price, which shall be set by the Board of Directors, shall be at least equal to the volume-weighted average of the prices of the last three (3) trading sessions preceding the setting thereof, possibly reduced by a maximum discount of 20%. It being noted that it may not in any event be less than the nominal value of a Company share on the date of issuance of the shares in question.
Delegation of authority to the Board of Directors to decide to issue ordinary shares or securities giving access to ordinary shares to be issued immediately or in the future by the Company, with cancellation of the preferential subscription rights for shareholders for the benefit of categories of beneficiaries.	18 months	€4.7 million[(1)(2)]	The price, which shall be set by the Board of Directors, shall be at least equal to the volume-weighted average of the prices of the last three (3) trading sessions preceding the setting thereof, possibly reduced by a maximum discount of 20%, it being noted that it may not in any event be less than the nominal value of a Company share on the date of issuance of the shares in question.

Nature of delegation	Period of validity/ expiration	Ceiling	Price determination methods
Delegation of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's capital, in the event of a public offer with an exchange component initiated by the Company.	26 months	€9.4 million[(1)(2)]	The Board of Directors shall set the terms of the issue, the exchange ratio and, if applicable, the amount of the cash balance to be paid.
Delegation of authority to the Board of Directors to decide to issue ordinary shares of the Company or securities giving access by any means, immediately and/or in the future, to ordinary shares of the Company, up to a limit of 10% of share capital, to remunerate contributions in kind of equity securities or securities giving access to the share capital of third-party companies outside a public exchange offer.	26 months	10%[(2)(3)]	The Board of Directors shall evaluate the contributions and decide and record the completion of the capital increase that remunerates the contribution.
Delegation of authority to the Board of Directors to increase the share capital by incorporating premiums, reserves, profits or other items.	26 months	€9.4 million	N/A
Authorization granted to the Board of Directors to grant options to subscribe to or purchase Company's shares.	26 months	2%[(4)]	The purchase or subscription price per share shall be set by the Board of Directors on the day the option is granted and may not be less than ninety-five percent (95%) of the average of the prices quoted for the 20 trading days preceding the date of the decision by Board of Directors to grant the options on the regulated market of Euronext Paris, rounded up to the nearest euro cent, nor, in the case of purchase options, to eighty percent (80%) of the average purchase price of the Company's own shares, rounded up to the nearest euro cent.
Authorization granted to the Board of Directors to establish a free share plan for existing or new shares.	26 months	3%[(3)(4)]	N/A
Delegation to the Board of Directors to increase the share capital by the issuance of shares and securities giving access to the Company's capital for the benefit of employees adhering to the company savings plan.	26 months	€1.88 million[(2)]	The issuance price of the new shares or securities giving access to the capital shall be determined in accordance with the conditions set out in Articles L. 3332-19 of the French Labor Code.

(1) The maximum nominal amount of debt securities that may be issued under this delegation is set at €750 million.

(2) The maximum aggregate nominal amount of the capital increases that may be carried out under these delegations is set at €47 million and the maximum aggregate nominal amount of the debt securities that may be issued under the delegations granted under the aforementioned resolutions is set at €750 million.

(3) The total number of shares that may be granted under this authorization to corporate officers may not represent more than 0.4% of the Company's share capital.

(4) The sum of (i) the shares that may be issued or acquired upon exercise of the options that would be granted under the delegation described above and (ii) the free shares that would be granted under the delegation described above may not exceed 9.4 million shares with a nominal value of €1 each.

Non-equity securities

As of the date of this Universal Registration Document, the Company has not issued any non-equity securities.

Shares held by the Company

As of December 31, 2023, the Group held 215,590 shares of its own shares.

Other securities giving rights to capital

A free share plan was put in place on June 3, 2022 for all employees and certain executives and managers (see Note 5.11.5 " Share based payments" to the consolidated financial statements).

A performance share plan was put in place on June 3, 2022 for key executives and managers (see Note 5.11.5 "Share based payments" to the consolidated financial statements).

A stock subscription option plan was put in place on June 3, 2022 for key executives and managers (see Note 5.11.5 “Share based payments” to the consolidated financial statements).

The definitive allocation of free shares to employees was put in place during the first half of 2023 (see Note 5.11.5 “Share based payments” to the consolidated financial statements).

A new long-term incentive plan was put in place on June 5, 2023, for key executives and managers through free share and stock option plans (see Note 5.11.5 “Share based payments” to the consolidated financial statements).

Conditions governing any acquisition right and/or any obligation attached to capital subscribed but not paid up

None.

Share capital of any member of the Group that is under option or an agreement to place it under option and the details of such options

Please refer to section 2.3.6 “Stock options and Performance Shares”.

History of share capital over the past three years

The Company registered with the Trade and Companies Register on November 10, 2020, with an initial share capital of €150,000, fully paid up.

The table below presents a summary of changes in share capital up to that date.

Date of the transaction	Nature of transaction	Number of shares issued or canceled	Nominal amount (EUR)	Issue or contribution premium (EUR)	Cumulative nominal amount of share capital (EUR)	Total cumulative number of shares in circulation	Nominal value (EUR)
November 10, 2020	Formation of the Company	150,000	150,000	0.0	150,000	150,000	1.0
December 10, 2021	Capital increase through issuance of ordinary shares	89,850,000	89,850,000	1,778,150,000	90,000,000	90,000,000	1.0
February 23, 2022	Capital increase through issuance of ordinary shares	4,026,888	4,026,888	79,692,112	94,026,888	94,026,888	1.0
July 21, 2022	Capital increase through issuance of ordinary shares (share plan)	522,600	522,600	0.0	94,549,488	94,549,488	1.0
June 5, 2023	Capital increase through issuance of ordinary shares (share plan)	504,196	504,196	0.0	95,053,684	95,053,684	1.0

The Company has not pledged a significant portion of its capital.

6.4 STOCK MARKET HISTORY

EUROAPI shares (ISIN: FR 0014 008VX5) are traded on the Euronext regulated market in Paris (Compartment A) (Deferred Settlement Service).

Paris stock exchange volume and share price information over 14 months (source: Euronext)

Date	Volume (Thousands)	Capital (€ million)	Average price (€)	High (€)	Low (€)	Price at end of month (€)
January 2023	4,783	68	14.15	14.77	13.63	14.77
February 2023	3,863	60	15.61	16.20	14.55	15.50
March 2023	13,341	158	11.85	16.03	9.52	10.53
April 2023	4,815	52	10.82	11.50	10.34	10.90
May 2023	4,183	43	10.37	10.96	9.74	9.80
June 2023	5,170	53	10.29	10.84	9.81	10.50
July 2023	2,910	31	10.49	10.94	9.97	10.61
August 2023	4,409	52	11.89	12.60	10.06	12.56
September 2023	2,622	32	12.40	12.97	11.67	11.93
October 2023	18,176	125	6.87	12.16	4.61	4.95
November 2023	7,416	39	5.25	5.64	4.89	5.20
December 2023	8,039	42	5.24	5.82	4.77	5.73
January 2024	10,969	66	5.99	6.62	5.40	6.21
February 2024	9,001	57	6.29	7.02	3.10	3.85

6.5 LIQUIDITY AGREEMENT

On June 1, 2022, EUROAPI implemented a liquidity agreement with Kepler Cheuvreux to enhance the liquidity of the EUROAPI shares admitted to trading on Euronext Paris since 6 May 2022.

€500,000 of resources have been allocated to the liquidity account.

Resources have been raised to €2,000,000, on the 31st day of trading post listing, in compliance with the terms of the AMF Decision 2021-01 of June 22, 2021.On October 24, 2023, in accordance with the provisions of Article 4 of AMF decision No. 2021-01 of June 22, 2021, EUROAPI announced that it has increased the resources allocated to the liquidity contract entrusted to Kepler Cheuvreux by 2 million euros.

The execution of the liquidity agreement may be suspended under the conditions set out in Article 5 of the AMF Decision.

The liquidity agreement may be terminated:

- at any time by EUROAPI without prior notice;
- at any time by Kepler Cheuvreux, subject to thirty (30) calendar days' notice;
- without notice and without formality if the shares are transferred to another stock market.

The implementation of this liquidity agreement is carried out in accordance with the legal framework in force, and more particularly the provisions of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (MAR), Commission Delegated Regulation (EU) 2016/908 of February 26, 2016 supplementing Regulation (EU) No. 596/2014, Articles L. 225-209 *et seq.* of the French Commercial Code and the AMF Decision 2021-01 of June 22, 2021 (AMF Decision), applicable as of July 1, 2021.

Euroapi - Frankfurt (Germany)

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ADDITIONAL INFORMATION

7.1 INFORMATION ABOUT THE COMPANY

7.1.1 Legal and commercial name of the Company

The corporate name of the Company is “EUROAPI”.

7.1.2 Place of registration and registration number

The Company is registered in the Paris Trade and Companies Register under number 890 974 413.

LEI: 9695002FT7GGI3CKKJ14

7.1.3 Date of incorporation and duration of the Company

The Company was incorporated on November 10, 2020, for a term of 99 years from the date of its registration in the Trade and Companies Register on November 13, 2020, i.e., until November 13, 2119, unless extended or dissolved earlier.

The financial year begins on January 1 and ends on December 31 of each year.

7.1.4 Registered office of the Company, legal form and governing laws

The Company is a French public limited company *(société anonyme)* governed by French law, and is primarily subject, for its operation, to Articles L. 225-1 *et seq.* of the French Commercial Code by reference to Article L. 227-1 of the French Commercial Code.

The Company’s registered office is located at 15 rue Traversière, 75012 Paris, France.

The Company’s contact information is as follows:

Telephone: +33 (0) 1 89 20 62 00

Email: global_euroapi@euroapi.com

Website: www.euroapi.com

The information provided on the Company’s website is not part of the Universal Registration Document.

7.2 PERSONS RESPONSIBLE, THIRD-PARTY INFORMATION, EXPERT'S REPORTS AND COMPETENT AUTHORITY APPROVAL

7.2.1 Person responsible for the Universal Registration Document

Mr. Ludwig De Mot, Chief Executive Officer of the Company.

7.2.2 Declaration of the person responsible for the Universal Registration Document

"I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and that there is no omission likely to alter its scope.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all its consolidated subsidiaries, and that the elements of the Management Report included in this document, as detailed in the concordance table available in Section 7.6, present a true and fair review of the development and performance of the business and the position of the Company and all its consolidated subsidiaries, together with a description of the main risks and uncertainties that they face."

On April 05, 2024,

Mr. Ludwig De Mot Chief Executive Officer of the Company

7.2.3 Expert's reports and declarations of interest

None.

7.2.4 Third-party information

The Universal Registration Document contains statistics, data and other information about the markets, the size of the markets, market share, competitive positions and other market data relating to the Group's business activity and its markets (see, in particular, Chapter 1 "Presentation of the Group and Business overview" of the Universal Registration Document). This information comes from multiple sources from third parties and publicly available information (see general comments of the Universal Registration Document).

To the Company's knowledge, such information has been accurately reproduced, and no fact that would make this information inaccurate or misleading has been omitted. However, the Company cannot guarantee that a third party using different methods to collect, analyze or calculate data on the business segment would obtain the same results.

7.2.5 Person responsible for the financial information

Antoine Delcour Chief Financial Officer Address: 15 rue Traversière, 75012 Paris, France

Telephone: +33 (0) 1 89 20 62 00 Email: global_euroapi@euroapi.com

7.3 STATUTORY AUDITORS

7.3.1 Statutory auditors

Ernst & Young Audit

Member of the Versailles and Centre regional institute of statutory auditors (Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre)

Represented by Pierre Chassagne
Tour First
1-2, place des Saisons,
92400 Courbevoie – Paris-La Défense 1

Appointed by decision of the sole shareholder on October 1, 2021, for a term of six financial years, i.e., until the shareholders' meeting called to approve the financial statements for the year ending December 31, 2026.

BDO Paris

Member of the Paris institute of statutory auditors (Compagnie Régionale des Commissaires aux Comptes de Paris)

Represented by Eric Picarle
43 and 47, Avenue de la Grande Armée,
75116 – Paris

Appointed by decision of the sole shareholder on March 18, 2022, for a term of six financial years, i.e., until the shareholders' meeting called to approve the financial statements for the year ending December 31, 2027.

7.3.2 Alternate statutory auditors

Pursuant to the provisions of Article L. 823-1 of the French Commercial Code, the Company has not appointed alternate statutory auditors for Ernst & Young Audit and BDO Paris.

7.4 MEMORANDUM AND ARTICLES OF ASSOCIATION

7.4.1 Corporate purpose

The purpose of the Company, both in France and abroad, either on its own behalf, or on behalf of a third party, or in association with third parties, is:

a) The holding, acquisition or sale of equity or interests, by any and all means, both direct and indirect, in all companies, businesses or groups and, more generally, in any legal entity, in any form, in France or abroad, whether commercial, industrial, financial, securities or real estate, as well as the management of such interests.

b) Any provision of services, assistance, consulting, training, studies or other technical, administrative, financial, commercial services or others that may be directly or indirectly related to its purpose.

c) Participation in any and all transactions that may be related to its purpose, through the formation of new companies, subscriptions to or purchases of securities or corporate rights, mergers or otherwise.

d) In general, any and all commercial, industrial, securities, real estate, financial or other operations relating directly or indirectly to this purpose, to all similar or related purposes or that may facilitate the expansion and development of this purpose.

7.4.2 Provisions of the articles of association governing the administrative and management bodies – Internal rules of the Board of Directors

The following description summarizes the principal provisions of the Articles of Association and internal rules governing the Board of Directors, in particular its method of operations and its powers.

The internal rules entered into effect as of the admission to trading of the Company's shares on the regulated market of Euronext Paris. In addition to the provisions governing the Board of Directors cited above, these rules specify the organizational and operational mode, the expertise and powers of the committees that the Board of Directors has established.

Board of Directors (Articles 12, 13, 14, 15 and 17 of the Articles of Association and internal rules)

Composition

The Company is administered by a Board of Directors composed of at least three and no more than 18 members elected by the ordinary shareholders' meeting pursuant to and subject to exceptions provided for by law.

The Board of Directors ensures that at least half of the members of the Board of Directors, at least two-thirds of the members of the audit committee and the ESG committee, and more than half of the members of the nominations and compensation committee are independent.

The directors representing the employees are not included in establishing the percentage of independent members.

Upon the appointment of a member of the Board of Directors, and at least once a year, preferably at the first meeting after the end of the Company's financial year, the Board of Directors conducts an assessment of the independence of each of its members (or candidates). During this assessment, the Board of Directors reviews the situation of the member or candidate on the basis of the criteria for independence, specific circumstances and the situation of the interested party in relation to the Company, as well as the member's expertise, in order to determine whether it is adequate for the Board's missions, and whether it complements the expertise of the other members of the Board. The shareholders are informed of the conclusions of this review in the corporate governance reports and, if applicable, at the shareholders' meeting during the election of members of the Board of Directors.

The Board of Directors and the shareholders' meeting may name up to two non-voting members. The non-voting members may be individuals or legal entities, freely selected due to their expertise, from among or outside the shareholders. They are named for a period of two years and may be re-appointed. The Board of Directors may remunerate the non-voting members by drawing from the amount of the remuneration allocated to the directors by the shareholders' meeting. Non-voting members study the issues that the Board of Directors or its Chair submits for their review and opinion. The non-voting members attend the meetings of the Board of Directors and participate in deliberations, with an advisory voice only; however, their absence cannot affect the validity of the deliberations.

Designation

Directors are elected, renewed or dismissed under the conditions provided by the laws and regulations in force and stipulated by the Articles of Association.

Each member of the Board of Directors must own at least 500 shares during the entire duration of the member's term of office and, in any case, within six months after his appointment takes effect. This obligation does not apply to the director representing the Group's employees or, on a decision by the Board, to directors representing shareholders whose internal procedures prohibit direct ownership of shares by their representatives.

Directors are elected for four-year terms. As an exception, the term of office of certain directors may be shorter under the following conditions:

- for the sole purpose of implementing or maintaining the rotation of the terms of directors, if possible, by thirds every year, the ordinary shareholders' meeting may elect one or more directors to a term of one (1) year, two (2) years or three (3) years;
- in order to be able to take into account the elections of the social perimeter, which will take place at the end of 2023, the first term of office of the first director representing the employees will be for two (2) years;

- in the absence of a European CSE, the second director representing the employees as designated in Article 12.3 is appointed for a period of one (1) year, renewable, as long as a European CSE has not been set up.

The term of office of the directors may be renewed. They may be dismissed at any time by the ordinary shareholders' meeting.

The number of directors over the age of 70 may not exceed one-third of the directors on the Board, who are also subject to the laws and regulations that govern the plurality of offices held.

Identity of directors

Directors may be individuals or legal entities. When elected, any legal entity must designate an individual as its permanent representative on the Board of Directors.

The term of office of the permanent representative is the same as the term of the legal entity that the individual represents.

When the legal entity dismisses its permanent representative, it must immediately name a replacement. The same provisions apply in the event of the death or resignation of the permanent representative.

Directors representing the employees

The Board of Directors includes one director who represents the employees. This director is appointed pursuant to Article L. 225-27-1 III, 3° of the French Commercial Code *(Code de commerce).*

When the number of members of the Board of Directors exceeds the number of directors mentioned in the first paragraph of Article L. 225-27-1 II of the French Commercial Code *(Code de commerce),* and provided that this criterion is still met on the date of appointment, a second director representing the employees is appointed by the European CSE, in accordance with Article L. 225-27-1, III, 4° of the French Commercial Code *(Code de commerce).* In the absence of an European CSE, the second director representing the employees is appointed under the same conditions as those provided for the first director.

Directors representing the employees are named for a period of four years, which expires at the end of the annual shareholders' meeting approving the financial statements for the previous year and held in the year in which the term of office expires. The term of office of directors representing the employees may be renewed. As an exception, the term of office of the directors representing the employees may be shorter under the following conditions:

- in order to be able to take into account the elections of the social perimeter, which will take place at the end of 2023, the first term of office of the first director representing the employees will be for two (2) years;
- in the absence of a European CSE, the second director representing the employees as designated in Article 12.3 is appointed for a period of one (1) year, renewable, as long as a European CSE has not been set up.

Directors representing shareholding employees

Not applicable.

Chair of the Board of Directors

The Board of Directors elects a Chair from among the individual members. The Chair may not be older than 70.

The Board of Directors may also name a Vice-Chair from among Board members, who replaces the Chair in the event of absence, temporary inability to serve, resignation, death or non-renewal of the Chair's term. In the case of a temporary inability, this replacement is valid for the limited period of the inability; in all other cases, it is valid until the election of the new Chair.

The Chair is named for a term that may not exceed the Chair's term as director. The Chair may be re-elected indefinitely, subject to the aforementioned provision on the age limit. The Chair may be dismissed at any time by the Board of Directors.

The Chairman's remuneration is set by the Board after consultation with the nominations and compensation committee.

The Chair organizes and directs the work of the Board of Directors and reports on that work to the shareholders' meeting. The Chair ensures the correct functioning of the company's bodies and ensures, in particular, that directors are able to perform their duties.

Deliberations of the Board of Directors

The Board of Directors performs the mission and exercises the powers conferred by law, the Company's Articles of Association and the internal rules of the Board of Directors. The Board of Directors determines the strategies of the Company's business activity and monitors their implementation. Subject to the powers expressly attributed to shareholders' meetings, and within the limits of the corporate purpose, it considers any question affecting the proper functioning of the Company and settles, through its deliberations, matters that concern the Company. The Board of Directors conducts the controls and verifications it deems appropriate.

The Board of Directors meets on the notice of meeting from the Chair as often as the interest of the Company requires; it is specified that the frequency and duration of the meetings of the Board of Directors must be such as to permit an in-depth review and discussion of matters that fall within the jurisdiction of the Board of Directors. The Board of Directors meets at least four times a year.

When the Board of Directors has not met for more than two months, one-third (at least) of the members of the Board may ask the Chair to convene a Board meeting on a defined agenda. The Chair may not refuse to accede to this request. The Chief Executive Officer may also ask the Chair to convene a meeting of the Board of Directors on a defined agenda.

Meetings are held at the registered office of the Company or at any other location indicated in the notice of meeting.

The Board of Directors may validly deliberate, even if a meeting has not been convened, if all members are present or represented.

Board members may participate in the Board meeting via video-conferencing or telecommunications that allow them to be identified and guarantee their effective participation, under the conditions set forth in the applicable laws and regulations. In this case, they are considered present for calculating quorum and majority.

Any director may give a proxy to another director to represent him or her at a meeting of the Board; each director may hold only one proxy per Board meeting.

The deliberations of the Board of Directors are recorded in minutes established as required by law. The minutes of the meeting indicate the participation of Board members via video-conference or telecommunications.

The Board of Directors deliberates validly only if at least half of its members are present. Decisions are made by a simple majority of the members present or represented. In the event of a tie vote, the meeting Chair casts the deciding vote.

Decisions falling under the specific powers of the Board of Directors contained in Article L. 225-24 of the French Commercial Code, the last paragraph of Article L. 225-35 of the French Commercial Code, the second paragraph of Article L. 225-36 of the French Commercial Code *(Code de commerce)* and Section I of Article L. 225-103 of the Commercial Code *(Code de commerce),* as well as decisions to transfer the registered office on French territory, may be made by written consultation of the directors of the Company.

The Board of Directors establishes in its internal rules the limits on the powers of the Chief Executive Officer, if any, by defining the operations for which prior authorization from the Board is required. The following are subject to prior authorization by the Board of Directors ruling by simple majority of the members present or represented (the amounts indicated below are amounts before taxes):

- The approval or modification of the Group's strategic model.
- The approval or modification of the strategy of the Company and its affiliates (annual budget and medium-term business plan of the Group).
- Any acquisition, joint-venture or other long-term partnerships/collaborations (excluding agreements signed with customers or suppliers in the normal course of business) or a material change in the equity interest in the capital of another company:
  - other than those representing a value less than €10 million for transactions relating to a previously authorized strategy;
  - other than those representing a value less than €2 million for transactions that do not relate to a previously authorized strategy.
- Any divestment or sale (including sale of a business or transfer of key assets), termination of joint-ventures or other long-term partnerships (excluding agreements signed with customers or suppliers in the normal course of business) representing net revenue or a net carrying amount greater than €10 million.
- Any merger, split, or spin-off related to the Company or any significant subsidiary, for a unit value greater than €10 million in each case.

- Any commitment of capital expenditures or any other liability (real or contingent) greater than €10 million if it is related to a previously authorized strategy.
- Any commitment of capital expenditures or any other liability (real or contingent) greater than €2 million if it is not related to a previously authorized strategy.
- Any divestment or sale of assets, the net carrying amount of which is greater than €1 million.
- The conclusion, modification or termination of any commercial contract with an annual or total value greater than €50 million, or with a term longer than five years.
- The establishment or modification of any retirement plan or any reorganization of the workforce that results in a total cost greater than €25 million for the Group.
- The adoption or modification of any bonus, profit-sharing or other equivalent mechanism of any member of the Executive Committee.
- The establishment or modification of stock option plans or free share plans of the Company or of any other company in the Group (or any other similar instruments) for Group executives and/or employees or certain categories of employees.
- The delisting of the Company.
- Any decision on commitment, as plaintiff, or settlement, as plaintiff or defendant, in a dispute, arbitration or other legal proceeding, for a stake equal to or greater than €25 million per proceeding, or which could have a material effect on the reputation of the Group.
- The initiation of any insolvency, dissolution or liquidation proceeding (or any similar proceeding in each applicable jurisdiction) with regard to the Company or its significant subsidiaries.
- The application for listing or delisting of debt securities representing a value greater than €100 million.
- Any substantial decision or change in the Company's existing significant financing documentation, including any measure taken or not taken that would result, or would be reasonably likely to result, in a breach of the existing significant financing documentation.
- The conclusion or modification of any loan or debt transaction, in any form (including factoring and finance-leasing) in an amount greater than €100 million, with the exception of: (i) intra-group borrowings; or (ii) draws on any existing revolving credit facility of the Group for working capital requirements.
- The creation or modification of any charge, sale, lease or finance lease or the grant of any security interest by guarantee or any other means on all or some of the Group's assets, including property or intellectual property rights, with the exception of those: (i) connected with the supply of goods and services in the normal course of business, including factoring of suppliers and the financing of the supply chain; or (ii) with a value less than €50 million.
- Any issuance of a financial guarantee or parent company guarantee over a total package of €100 million.

Remuneration of the members of the Board of Directors

The shareholders' meeting may allocate to Board members, as remuneration for their activity, an annual fixed sum, the amount of which is maintained until a new decision. The Board of Directors may distribute this remuneration freely among its members.

The Board of Directors may also allocate exceptional remunerations for specific assignments or mandates entrusted to the directors (independently of the remuneration for participation on the Board's specialized committees).

Internal rules

In its internal rules, the Board of Directors establishes its operating procedures in accordance with the law and Articles of Association. It may approve the creation of committees charged with studying the questions that the Board itself or its Chair may submit to their review for an opinion. The membership and powers of each of these committees, which operated under the Board's responsibility, are defined by the Board of Directors through internal rules.

Any person called to attend the meetings of the Board of Directors must demonstrate discretion with respect to information and data that is confidential and presented as such by the Chair, as well as a general obligation of confidentiality.

Executive Management (Article 16 of the Articles of Association)

Conditions and procedures

The management of the company is assumed, under his or her responsibility, either by the Chair of the Board of Directors or by another individual appointed by the Board from among or outside its members, who holds the title of Chief Executive Officer.

On a simple resolution adopted by a majority of the votes of the directors present or represented, the Board of Directors chooses between the two forms of executive management. The shareholders and third parties are informed of this choice under the legal and regulatory conditions.

The Board of Directors' decision remains in force until a contrary decision is made by the Board or, at the Board's choice, for the duration of the appointment of the Chief Executive Officer.

When the executive management of the Company is performed by the Chair of the Board of Directors, the following provisions on the Chief Executive Officer shall apply to the Chair. In this case, this person carries the title of both Chair and Chief Executive Officer.

Deputy executive management

On the recommendation of the Chief Executive Officer, the Board of Directors may appoint, from among or outside its members, one or more individuals charged with assisting the Chief Executive Officer, who shall have the title of Deputy Chief Executive Officer.

There may be no more than five Deputy Chief Executive Officers.

Age limit – Duration of duties

The Chief Executive Officer and the Deputy Chief Executive Officers may not be older than 65 years of age.

The duration of the term of the Chief Executive Officer or of a Deputy Chief Executive Officer is determined at the time they are appointed, but this duration may not exceed the duration of their office as director, if applicable.

Dismissal

The Chief Executive Officer may be dismissed at any time by the Board of Directors. This is also true for the Deputy Chief Executive Officers, on the recommendation of the Chief Executive Officer. If dismissal is decided without grounds, it may result in damages, except when the Chief Executive Officer is also the Chair of the Board of Directors.

When the Chief Executive Officer ceases to, or is prevented from, performing the CEO's duties, the Deputy Chief Executive Officers retain their duties and powers, unless decided otherwise by the Board, until the appointment of the new Chief Executive Officer.

The Board of Directors determines the remuneration of the Chief Executive Officer and the Deputy Chief Executive Officers.

Powers of the Chief Executive Officer and the Deputy Chief Executive Officers

The Chief Executive Officer is vested with the most extensive powers to act in any circumstance in the name of the Company. The Chief Executive Officer exercises these powers within the limits of the corporate purpose, and subject to those powers expressly granted by law to shareholders' meetings and to the Board of Directors, as well as the limits stipulated by the internal rules of the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties. The Company is committed even by the acts of the Chief Executive Officer that do not fall within the corporate purpose, unless the Company proves that the third party knew that the act exceeded this purpose or that the third party could not have been unaware of this given the circumstances; publication of the Articles of Association is not in and of itself sufficient to constitute this proof.

Decisions of the Board of Directors that limit the powers of the Chief Executive Officer are unenforceable against third parties.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers granted to Deputy Chief Executive Officers. With respect to third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

The Chief Executive Officer or the Deputy Chief Executive Officers may, within the limits set by the laws in force, delegate the powers they deem appropriate, for one or more specific purposes, to any and all agents, even outside the Company, considered individually or together in a committee or commission, with or without the option of substitution, subject to the limitations provided by law. Such powers may be permanent or temporary and carry the option of substitution. Delegations granted in this way retain their effects despite the expiration of the duties of the person who conferred them.

7.4.3 Rights, privileges and restrictions attached to the shares (Articles 8, 9, 10 and 11 of the articles of association)

Fully paid-up shares are in registered or bearer form, at the discretion of the shareholder, under the conditions provided by the regulations in force.

Each share gives a right, in the ownership of corporate assets, in the distribution of profits and in the liquidation dividend, to a fraction proportional to the number and nominal value of the existing shares. In addition, each share gives the right to a vote and to representation at shareholders' meetings, under the conditions of law and the Articles of Association. The double voting right provided in Article L. 22-10-46 of the French Commercial Code (*Code de commerce*) is expressly eliminated by the Articles of Association.

Shareholders bear losses only in the amount of their contributions.

The rights and obligations attached to a share follow the share into any hands into which its passes. Ownership of a share automatically carries full adherence to the Articles of Association and the decisions of the shareholders' meetings.

Every time that it is necessary to own several shares or securities in order to exercise any right, shareholders and holders of securities are personally responsible for grouping the number of shares or securities necessary.

Shares are indivisible with regard to the Company.

Co-owners of undivided shares are represented in shareholders' meetings by one of the owners or by a single agent. In the event of a disagreement, the agent is designated by the court at the request of the more diligent co-owners.

If the shares carry beneficial ownership, the registration of the shares in an account must show the existence of the beneficial ownership. Except where otherwise agreed and notified to the Company by registered letter with acknowledgment of receipt, the right to vote belongs to the beneficial owner in ordinary shareholders' meetings, and to the bare owner in extraordinary shareholders' meetings.

Registered or bearer shares are freely negotiable, unless otherwise required by laws or regulations. Shares are registered in an account and the sale of shares, with respect to the Company and third parties, is made by transfer from account to account under the conditions and procedures defined by the laws and regulations in force.

7.4.4 Change in capital and the rights attached to the shares

As the Articles of Association do not stipulate any specific provision, the modification of the rights attached to shares is governed by the law.

7.4.5 Shareholders' meetings (Articles 21, 22, 23 and 24 of the articles of association)

Notice of meeting and meeting location

Shareholders' meetings are called under the conditions, in the forms and with the deadlines provided by the laws and regulations in force. They are held at the registered office or at any other location indicated in the notice of meeting.

Agenda

The agenda for the meeting is indicated in the notices and letters of meeting; it is established by the author of the notice of meeting.

The meeting may deliberate only on the items indicated on the agenda; however, it may, under any circumstance, dismiss one or more directors and replace them.

One or more shareholders representing at least the percentage of equity required by law, and acting under the conditions and within legal deadlines, have the option to require the inclusion of proposed resolutions on the agenda.

Access to shareholders' meetings

Any shareholder has the right to attend shareholders' meetings and participate in the deliberations, either personally or through an agent.

The right to participate in the meetings is governed by the laws and regulations in force.

Under the conditions provided by the laws and regulations in force, the Board of Directors may organize the participation and vote by shareholders at meetings via video-conference or telecommunications that permit shareholders to be identified. This decision by the Board is indicated in the notice of meeting. Shareholders participating in the meeting via video-conference or any one of the other telecommunications methods described above are deemed present for the calculation of the quorum and majority.

Any shareholder may vote by mail or give a proxy pursuant to the regulations in force, using a form prepared by the Company and sent to the Company under the conditions provided by the regulations in force, including electronically or via remote transmission. This form must be received by the Company under regulatory conditions in order to be counted.

The legal representatives of legally incompetent persons and the individuals representing shareholder legal entities participate in the meetings, whether or not they personally are shareholders.

Attendance sheet, staff, minutes

An attendance sheet containing the information required by law is kept at each meeting.

The meeting is chaired by the Chair of the Board of Directors or, in the absence of the Chair, by the Vice-Chair of the Board, by the Chief Executive Officer, by a Deputy Chief Executive Officer if the officer is a director, or by a director specially delegated for this purpose by the Board. In the case of a meeting called by a statutory auditor or by a court agent, the shareholders' meeting is chaired by the author of the notice of meeting. If these persons are not available, the shareholders' meeting itself elects a meeting chair.

The duties of scrutineers *(scrutateur)* are performed by the two shareholders present and consenting to these functions, who hold on their own or as representatives, the largest number of votes.

The officer names the secretary, who may be selected from among or outside the shareholders.

Minutes are prepared and the copies or excerpts of the deliberations are issued and certified as required by law.

Ordinary shareholders' meeting

The ordinary shareholders' meeting is the meeting called to make all decisions that do not amend the Articles of Association. It is held at least once a year, within six months after the end of each financial year, to approve that year's financial statements and the consolidated financial statements, unless an extension is granted under the conditions provided for by law.

The meeting validly deliberates, on the first call, only if the shareholders present or represented, or who have voted by mail, hold at least one-fifth of the shares with a right to vote. On the second call, no quorum is required.

The meeting rules with a majority of the votes cast by the shareholders present, represented or who have voted by mail.

Extraordinary shareholders' meeting

Only the extraordinary shareholders' meeting is authorized to amend all provisions of the Articles of Association. The meeting may not, however, increase shareholder commitments, subject to transactions resulting from a legally executed regrouping of shares.

It validly deliberates only if the shareholders present, represented or who have voted by mail, hold, on the first call, at least one-fourth of the shares with voting rights and, on the second call, one-fifth of the shares with voting rights. If this second quorum is not reached, the second meeting may be postponed to a date no more than two months after the date on which it was called.

The meeting rules with a two-thirds majority vote of the shareholders present, represented, or who have voted by mail.

The extraordinary shareholders' meeting may not, however, under any circumstances, increase the commitments of shareholders or undermine the equality of shareholder rights unless it is by unanimous vote of the shareholders.

7.4.6 Procedure to delay, defer or prevent a change of control

The Company's Articles of Association do not provide for procedures to delay, defer or prevent a change of control.

7.4.7 Statutory disclosure thresholds

As long as the shares of the Company are admitted to trading on a regulated market, in addition to the disclosure thresholds expressly provided by current laws and regulations in force, any individual or legal entity who may own directly or indirectly, alone or in concert, a fraction of the capital or voting rights (calculated in accordance with Articles L. 233-7 and L. 233-9 of the French Commercial Code *(Code de commerce)* and the AMF General Regulation) greater or equal to 1% of the share capital or voting rights in the Company, or any multiple of this percentage, including above the thresholds set by legal and regulatory provisions, must notify the Company of the total number (i) of shares and voting rights that such individual or entity owns, (ii) of the securities giving future access to the Company's equity that said individual or entity owns and the voting rights potentially attached thereto, and (iii) of assimilated shares in application of Article L. 233-9 I, 1 and 4 to 8 of the French Commercial Code. This notification must be given by registered letter with acknowledgment of receipt (or by any other equivalent means) within four trading days from the date the relevant threshold is crossed.

This required disclosure to the Company also applies, under the same deadlines and the same conditions, whenever the shareholder's equity investment or voting rights fall below the aforementioned thresholds.

In the event of non-compliance with the aforementioned disclosure threshold requirement and on a request recorded in the minutes of the shareholders' meeting, from one or more shareholders representing at least 5% of the capital or voting rights, the shares exceeding the fraction that should have been disclosed will lose their voting rights for a period of two years following the date when proper notification is given.

The Company reserves the option to make the public and the shareholders aware either of the information in the disclosure received or the failure of the person in question to comply with the above obligation.

7.5 DOCUMENTS AVAILABLE TO THE PUBLIC

Copies of the Universal Registration Document are available free of charge at the Company's registered office, located at 15 rue Traversière, 75012 Paris, France.

The Universal Registration Document can also be consulted on the Group's website (www.euroapi.com) and on the French financial markets authority—*Autorité des marchés financiers* (AMF)—website (www.amf-france.org).

The Articles of Association, minutes of the shareholders' meetings and other corporate documents from the Company, as well as the historical financial information and any expert assessment or statement requested by the Group that must be made available to the shareholders, in accordance with the applicable legislation, may be consulted at the Company's registered office free of charge.

As of the admission to trading of the Company's shares on the regulated market of Euronext Paris, the regulated information as defined by the provisions of the AMF General Regulation will also be available on the Group's website (https://www.euroapi.com/en/investors/regulatory-information).

7.6 CONCORDANCE TABLES AND INFORMATION INCORPORATED BY REFERENCE

7.6.1 Information incorporated by reference

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 17, 2017, this Universal Registration Document incorporates the following information by reference which the reader is invited to refer to:

- the consolidated and parent company financial statements for the year ended December 31, 2022, are presented in Sections 4.6.1 and 4.7.1 and the corresponding Statutory Auditors' reports are presented in Sections 4.6.2 and 4.7.2 of the 2022 Universal Registration Document approved by the French financial markets authority (*Autorité des marchés financiers*) on April 14, 2023, under number R.23-009;
- the consolidated financial statements for the years ended December 31, 2021, 2020 and 2019, as well as the corresponding Statutory Auditors' report, set out in Chapter 19 "Financial information" of the Listing Prospectus approved by the French financial market authority (*Autorité des marchés financiers*) on March 31, 2022, under number 22-076 are incorporated by reference in this Universal Registration Document.

Other information in the 2022 Universal Registration Document is either irrelevant to investors or covered by another section of this Universal Registration Document.

The references to websites contained in this document are provided for reference purposes only; the information contained on these websites is not incorporated by reference in the Universal Registration Document.

7.6.2 Concordance table for the Universal Registration Document

This table enables identification of the information specified by Appendices I and II of the delegated regulation (EU) 2019/980 of March 14, 2019, as amended (supplementing regulation (EU) 2017/1129 of June 14, 2017, as amended).

Table of concordance with information specified by Annex 1 and Annex 2 of Commission Delegated Regulation (EU) 2019/980, as amended

Information		Sections
1	**Persons responsible, third-party information, experts' reports and competent authority approval**	
1.1	Persons responsible for the information	7.2.1 / 7.2.5
1.2	Declaration by the person responsible	7.2.2
1.3	Experts' reports and declarations of interest	7.2.3
1.4	Third-party information	7.2.4
1.5	Declaration relating to the party with the authority to approve the document	Cover page
2	**Statutory Auditors**	
2.1	Information about the Statutory Auditors	7.3.1
2.2	Information about the potential resignation or non-reappointment of the Statutory Auditors	N/A
3	**Risk factors**	**3.2**
4	**Information about the issuer**	
4.1	Legal and commercial name of the issuer	7.1.1
4.2	Place of registration of the issuer, its registration number and legal entity identifier	7.1.2
4.3	Date of incorporation and length of life of the issuer	7.1.3
4.4	Domicile, legal form, website and legislation under which the issuer operates	7.1.4

Information		Sections
5	**Business overview**	
5.1	Principal activities	1.2 / 1.3.2 / 1.3.3 / 5.1 / 4.6.1 Note 1
5.2	Principal markets	1.3.1 / 1.3.2 / 4.1 / 4.6 Note 3 / 4.7.1 Note 2
5.3	Important events in the development of the issuer's business	*4.1*
5.4	Description of the strategy and objectives	1.4
5.5	Extent to which the issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	1.3 / 4.6.1 Note 5.4
5.6	Competitive position	1.3.1 / 1.3.3
5.7	Investments	1.3.3 / 3.2.2 / 4.2.5 / 4.6.1 Note 5.1 - Note 5.4
5.7.1	*Description of the issuer's material investments*	*3.2.2 / 4.2.5 / 4.6.1 Note 5.1 - Note 5.4*
5.7.2	*Description of the investments of the issuer that are in progress, including the geographic distribution of these investments, and the investments that the issuer plans to make*	*1.3.3 / 4.2.5*
5.7.3	*Provide information relating to the joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.*	*N/A*
5.7.4	*Describe any environmental issues that may affect the issuer's utilisation of its property, plant and equipment*	*3.2.2 / 5.3 / 5.6*
6	**Organisational structure**	
6.1	Description of the Group	1.2 / 3.1.1 / 3.1.2
6.2	List of significant subsidiaries	3.1.3
7	**Analysis of the financial position and results**	
7.1	Financial position	4.2 / 4.3 / 4.6.1 / 4.7.1
7.1.1	*Review of the issuer's business and position for the periods presented*	*4.1 / 4.2 / 4.3 / 4.6.1 / 4.7.1*
7.1.2	*Indications of the issuer's likely future development and R&D activities*	*1.3.3 / 1.4 / 4.2.5 / 4.5 / 4.6.1*
7.2	Operating results	4.2.1 / 4.2.2 / 4.2.3 / 4.6.1 / 4.7.1
7.2.1	*Events affecting the issuer's income from operations*	*4.2.1 / 4.2.2 / 4.2.3 / 4.6.1 / 4.7.1*
7.2.2	*Reasons for material changes in net sales or revenues*	*4.2 / 4.6.1 / 4.7.1*
8	**Capital resources**	
8.1	Information concerning the issuer's capital	4.2.3 / 4.6.1 Note 5.11 / 6.3
8.2	Sources and amounts of, and a description of, the issuer's cash flows	4.2.2 / 4.6.1 / 4.7.1
8.3	Information on the borrowing requirements and funding structure of the issuer	4.3 / 4.6.1 Note 5.17 / 4.7.1 Note 3.6
8.4	Information regarding any restrictions on the use of capital resources materially affecting the issuer's operations	N/A
8.5	Anticipated sources of funds needed to fulfil the issuer's commitments	4.3
9	**Regulatory environment**	
9.1	Description of the governmental, economic, fiscal, monetary or political policies or factors that have materially affected or could materially affect the issuer's operations	3.4
10	**Trend information**	
10.1	The most significant trends in production, sales and inventory, and costs and selling prices, since the end of the last financial year, any significant change in the financial performance of the issuer	1.3.1 / 4.5.1 / 4.5.2
10.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	1.3.1 / 4.5.1 / 4.5.2
11	**Profit forecasts or estimates**	**4.5**
12	**Administrative, management and supervisory bodies and senior management**	
12.1	Information about members of the issuer's administrative, management or supervisory bodies	2.1.1
12.2	Administrative, management and supervisory bodies and senior management conflicts of interest	2.1.2

Information		Sections
13	**Remuneration and benefits**	
13.1	Amount of remuneration paid and benefits in kind granted	2.3
13.2	Total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	4.6.1 Note 5.13.2
14	**Board practices**	
14.1	Date of expiration of current terms of office	2.1.1
14.2	Information about members of the administrative, management and supervisory bodies' services contracts providing for benefits upon termination	2.2.3
14.3	Information about the board's committees	2.2.2
14.4	Statement of compliance with the corporate governance regime	2.1.3
14.5	Potential material impacts on corporate governance, including changes in the board and committees composition	2.1.1 / 2.2.2
15	**Employees**	
15.1	Number of employees	5.4.1
15.2	Shareholdings and stock options	2.3.6 / 5.4.6
15.3	Arrangements for involving the employees in the capital of the issuer	2.3.6 / 5.4.6
16	**Major shareholders**	
16.1	Shareholders with more than 5% of the capital	6.1
16.2	Existence of different voting rights	N/A
16.3	Issuer's controlling or non-controlling interests	6.1
16.4	Arrangements the operation of which may result in a change in control of the issuer	6.1
17	**Related party transactions**	
17.1	Details of related party transactions	3.1.1 / 3.7 / 4.6.1 Note 10.6
18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
18.1	Historical financial information	4.6.1 / 4.7.1
18.2	Interim and other financial information	N.A
18.3	Auditing of historical annual financial information	4.6.2 / 4.7.2
18.4	Pro forma financial information	N/A
18.5	Dividend policy	6.2
18.6	Legal and arbitration proceedings	4.6.1 Note 10.3
18.7	Significant change in the issuer's financial position	4.2.2 / 4.3
19	**Additional information**	
19.1	Share capital	6.3
19.1.1	*Amount of issued capital and information about each class of share capital*	*6.3*
19.1.2	*Number and characteristics of shares not representing capital*	*6.3*
19.1.3	*Number, book value and face value of shares held by or on behalf of the issuer itself or by subsidiaries of the issuer*	*6.3*
19.1.4	*Amount of any convertible securities, exchangeable securities or securities with warrants*	*N/A*
19.1.5	*Information about the terms of any acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital*	*6.3*
19.1.6	*Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option*	*N.A*
19.1.7	*History of the share capital for the period covered by the historical financial information*	*6.3*
19.2	Memorandum and Articles of Association	7.4
19.2.1	*Description of the issuer's objects and purposes and Trade and Companies Register*	*7.1.2 / 7.1.4 / 7.4.1*
19.2.2	*Description of the rights, preferences and restrictions attaching to each class of shares*	*7.4.3*
19.2.3	*Provisions having the effect of delaying, deferring or preventing a change in control of the issuer*	*7.4.6*
20	**Material contracts**	**3.6**
21	**Documents available**	**7.5**

7.6.3 Concordance table for the annual financial report

The table of concordance below enables identification of the main information specified in the annual financial report required by Article L. 451-1-2 of the French Monetary and Financial Code *(Code monétaire et financier)* and Article 222-3 of the General regulation of the AMF.

Table of concordance with the information required in the annual financial report

Themes		Sections
1	**Declaration of the individuals responsible for the annual financial report**	**7.2.2**
2	**Management report**	**7.6.4**
2.1	Objective and comprehensive analysis of changes in the Company's business, results and financial position, especially its debt situation, with respect to the volume and complexity of the business and/or Group	4
2.2	Foreseeable changes in the Company and/or Group	4.5
2.3	Key financial and non-financial indicators of the Company and the Group	1.1 / 4.2 / 5
2.4	Information on the financial risks related to the effects of climate change and presentation of the measures that the Company is taking to reduce them by implementing a low-carbon strategy in all components of its activity	5.1 / 5.3 / 4.6.1
2.5	Information about its objectives and policy for hedging each major category of anticipated transactions for which hedge accounting is used, as well as its exposure to price, credit, liquidity and cash flow risks. This information includes the Company's use of financial instruments	3.2.4 / 4.6 Note 5
2.6	Key characteristics of internal control and risk management procedures implemented by the Company relating to the development and processing of accounting and financial information	3.3.2 / 2.2.2
2.7	Description of the main risks and uncertainties facing the Company	3
2.8	Acquisition and disposal by the Company of its treasury shares (share buyback)	4.6 Note 5.11
3	**Financial statements and reports**	**4,6.1 / 4.7.1**
3.1	Individual financial statements	4.7.1
3.2	Statutory Auditors' report on the individual financial statements	4.7.2
3.3	Consolidated financial statements	4.6.1
3.4	Statutory Auditors' report on the consolidated financial statements	4.6.2

7.6.4 Concordance table for the management report

The table of concordance below enables the identification in this Universal Registration Document of the information that is included in the management report in accordance with the applicable legal and regulatory provisions and in particular with Articles L. 225-100 *et seq*. of the French Commercial Code (*Code de commerce*).

Table of concordance with the information required in the management report

Themes		Sections
1	**Information on the Company's activity**	
1.1	Presentation of the activity (particularly progress made and difficulties encountered) and the profits and losses of the Company, each subsidiary and the Group	1.2 / 1.3 / 4.2 / 4.3 / 4.6.1 / 4.7.1
1.2	Analysis of the change in the business, results, financial position and in particular the debt of the Company and the Group	4.2 / 4.3 / 4.6.1
1.3	Foreseeable developments for the Company and/or the Group	4.5
1.4	Key financial and non-financial indicators of the Company and the Group, particularly information on environmental and staff issues	1.1 / 4.2 / 5.
1.5	Significant events after the closing date of the Company and the Group	4.4 / 4.6.1 Note 10.1 / 4.7.1 Note 5.1
1.6	Information about its objectives and policy for hedging each major category of anticipated transactions for which hedge accounting is used, as well as its exposure to price, credit, liquidity and cash flow risks. This information includes the Company's use of financial instruments	3.2.4 / 4.6.1 Note 9
1.7	Description of the main risks and uncertainties of the Company and the Group	3.2
1.8	Information on the financial risks related to the effects of climate change and presentation of the measures that the Company is taking to reduce them by implementing a low-carbon strategy in all components of its activity	5. / 4.6.1 Note 2
1.9	Information on the R&D of the Company and the Group	1.3.2 / 4.6 Note 6.3
1.10	Key characteristics of the internal control and risk management procedures implemented by the Company relating to the development and processing of accounting and financial information	2.2.2 / 3.3.2
1.11	Existing branches	3.1.3
1.12	Activity and results of the Company as a whole, its subsidiaries and controlled companies by business segment	4.2 / 4.3 / 4.6
2	**Legal, financial and tax information of the Company**	
2.1	Breakdown, identity of persons and changes in share ownership	6.1 / 6.2 / 6.3
2.2	Names of controlled companies participating in the Company's treasury shares and percentage of capital held by them	N/A
2.3	Significant equity interests acquired during the financial year in companies whose registered offices are in France	N/A
2.4	Notification of the ownership of more than 10% of shares in the capital of another company; disposal of cross-shareholdings	N/A
2.5	Share buybacks	4.6.1 Note 5.11 / 6.3 / 6.5
2.6	Acquisition and disposal by the Company of its treasury shares in view of their allocation to employees (share buyback)	4.6.1 Note 5.11 / 6.3 / 6.5
2.7	Statement of employee holdings in the share capital	5.4.6
2.8	Works council opinion on changes to the economic or legal organization	(X)
2.9	Five-year summary table of the Company's results	4.7.3
2.10	Net profit (loss) for the financial year	4.2.1 / 4.6.1 / 4.7.1
2.11	Issue of securities giving access to capital	
	• information on how the adjustment was calculated, and	N/A
	• the results of this adjustment	N/A
2.12	Amounts of dividends approved for distribution in respect of the three previous years	N/A
2.13	Amount of non-tax-deductible expenses and charges	N/A
2.14	Payment terms and breakdown of the balance of trade payables and receivables by maturity date	4.7.1
2.15	Injunctions or monetary penalties for anti-competitive practices	N/A
2.16	Information on regulated agreements with continuing effects during the financial year	3.1 / 3.7 / 4.6.1 Note 10.6
2.17	Securities acquired by employees in the context of an employee buyout operation	N/A

Themes		Sections
3	**Information about corporate officers**	
3.1	In the event of stock-option awards, disclose the information used by the Board of Directors to make its decision to:	2.3.6
	•either prohibit executives from exercising their options before termination of their office,	
	•or require them to hold all or a portion of the shares resulting from options already exercised in registered form until termination of their office (specifying the portion thus set)	
3.2	Summary statement of transactions involving the Company's shares by executives and related persons	6.1
3.3	In the event of free share grants, disclose the information used by the Board of Directors to make its decision to:	2.3.6
	•either prohibit executives from transferring the free shares granted to them before termination of their office,	
	•or set the quantity of such free shares that they are required to retain in registered form until termination of their office (specifying the portion thus set)	
4	**The Company's CSR information**	
4.1	Non-Financial Performance Statement (See concordance table between the Universal Registration Document and the Non-Financial Performance Statement)	5.1
4.2	Information on facilities classified as at risk	N/A
5	**Other information**	
5.1	Corporate Governance Report (See concordance table between the Universal Registration Document and the Corporate Governance Report)	
5.2	The amount of loans with a maturity of less than two years granted by the Company, as an accessory to its main activity, to micro-enterprises, SMEs or mid-cap companies with which it has economic ties that justify it	N/A
5.3	Information on payments made to the authorities of each of the States or territories in which the Company carries out the following activities: exploration, prospecting, discovery, exploitation or extraction of hydrocarbons, coal and lignite, metal ores, stones, sand and clays, chemical minerals and mineral fertilisers, peat, salt or other mineral resources; or the exploitation of primary forests	N/A
5.4	Information about the use of the French Competitiveness and Employment Tax Credit (Crédit d'impôt pour la compétitivité et l'emploi – CICE)	4.6.1 Note 7
5.5	Special report on share subscription and call options granted to corporate officers and employees	2.3.6
5.6	Special report on free share grants to corporate officers and employees made during the financial year	2.3.6
5.7	Vigilance plan	N/A

7.6.5 Concordance table for the non-financial performance report

Please refer to Section 5.7.1 "Methodology note on non-financial reporting".

7.7 GLOSSARY

AIFA	refers to the Italian Medicines Agency (Agenzia Italiana des Farmaco).
ANSM	refers to the National Agency for the Safety of Drugs and Health Products in France (Agence nationale de sécurité du médicament et des produits de santé en France).
API	means an Active Pharmaceutical Ingredient.
Biocatalysis	refers to the acceleration of a biochemical reaction by a substance (biocatalyst) that is not modified in its composition and concentration when the reaction is completed. Biocatalysis therefore corresponds to the phenomena of catalysis known in chemistry.
Biochemistry molecules from fermentation	refers to molecules of variable size with a complex and differentiated structure whose production requires sophisticated and complex fermentation techniques and whose production cost is average. They are administered orally or can be injected.
Capex	refers to capital expenditures made by the Group.
CDMO	refers to the external manufacture for a customer that owns the intellectual property of the APIs manufactured, starting with a phase to develop the production process by the Group or a transfer of the production process to the Group (Contract Development and Manufacturing Organization).
CEP	refers to a Certificate of Suitability to the European Pharmacopeia.
Chromatography	refers to a physical and chemical method used to separate the various substances present in a mixture.
CLP	refers to Regulation (EC) 1272/2008 of the European Parliament and Council of December 16, 2008, governing the Classification, Labelling and Packaging of substances and mixtures.
Complex chemical synthesis molecules	refers to organic compounds of low to medium molecular weight generally obtained by chemical synthesis whose production cost is variable. Complex chemical synthesis molecules are characterized by a small to medium size that allows them to cross cellular membranes to reach intracellular targets and a structure that is increasingly complex and sophisticated technologically. Most of these molecules can be administered orally, injected or inhaled.
Cytotoxic	refers to the property of a chemical or biological agent to be toxic to cells, possibly to the point of destruction.
DMF	is a Drug Master File.
EDQM	refers to the European Directory for the Quality of Medicines & Healthcare.
EMA	means the European Medicines Agency.
Excipient	refers to elements without therapeutic activity that are included in the composition of a drug or are used in its manufacture. The function of an excipient is to improve appearance or taste, ensure preservation or facilitate the shaping and administration of the drug.
FDA	is the U.S. Food and Drug Administration.
Flow chemistry	also called continuous flow chemistry, refers to chemical reactions initiated in a continuous flow. Reagents are added by pumping into a mixer and then flow into a temperature-controlled pipe, tube or microstructured reactor until the reaction is complete.
GCP	refers to Good Clinical Practices.
GDP	refers to Good Distribution Practices.
GLP	refers to Good Laboratory Practices.
GMP	refers to Good Manufacturing Practices.
GPVC	refers to Good Pharmacovigilance Practices.
HP-APIs	refers to APIs used in very low concentrations (micrograms or nanograms) due to their high level of efficacy that reduces the side effects of the corresponding pharmaceutical specialty.
HSE	represents Health, Safety and Environment.
ICH	designates the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use.
ICH Q7	designates Good Manufacturing Practice (GMP) for the manufacturing of APIs.
IPCEI	refers to Important Projects of Common European Interest.
JMF	refers to the Japanese Drug Master File.

Ligand	in biology, refers to a molecule that binds reversibly to a targeted macromolecule, protein or nucleic acid and generally plays a functional role such as structural stabilization, catalysis, modulation of an enzymatic activity or transmission of a signal.
MA	designates a market authorization.
MHRA	refers to the Medicines and Healthcare Products Regulatory Agency in the United Kingdom.
Microbial fermentation	refers to fermentations resulting from the action of microbial enzymes on an organic substrate.
Micronization	in chemistry, refers to the process of grinding granules into a very fine powder to increase the reactivity of a product.
Mutagen	in biology, refers to an agent that changes the genome of an organism and thus raises the number of genetic mutations above the natural background rate. Mutagens are usually chemical compounds or radiations.
Oligonucleotides	see Peptides.
Organic synthesis	refers to the branch of chemical synthesis concerned with the creation of organic compounds by means of organic reactions. Organic molecules often have a higher degree of complexity than those called inorganic.
Peptides	with oligonucleotides, refer to medium-sized molecules, mostly injectable with a more or less complex structure, whose production cost is high because of the chemical synthesis necessary to obtain them, most often following a solid phase. Peptides and oligonucleotides combine the characteristics of the complex chemical synthesis molecules (including the possibility of crossing cell membranes) and those of biochemistry molecules derived from fermentation (strong selectivity and reduction of side effects).
PMDA	designates the Pharmaceutical and Medical Device Agency in Japan.
REACH	refers to Regulation (EC) 1907/2006 of the European Parliament and Council of December 18, 2006, concerning the Registration, Evaluation and Authorization of Chemicals.
Spray drying	refers to the process of removing moisture from a liquid by passing it through a hot air stream to obtain a powder.
Synthesis intermediates	refers to the chemical raw materials used as building blocks in the API synthesis process.
TRRP	refers to the “Technological Risk Prevention Plan”.
VOCs	refers to the volatile organic compounds (VOCs) emitted during the synthesis of APIs.

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