euroAPI
Active Solutions for Health

HALF-YEAR FINANCIAL REPORT 2022

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API Solutions' commercial activity experienced strong momentum in the first six months of the year. Several contracts with new and existing customers were signed or extended, together with a strong level of activity on cross-selling. Against a backdrop of inflationary raw material and energy prices, price adjustment initiatives were accelerated and will materialize further in the second half of the year for the Other clients than Sanofi.

The CDMO strategy was deployed, with increased EUROAPI brand awareness on the market, intense prospection efforts with clients and strengthening of the scouting team. This resulted in the number of RFPs received during first half almost equaling the total number received in the whole of 2021. Construction of the CDMO project pipeline continued, with the number of projects now totaling 64[1] following the addition of 19 new projects, notably in oligonucleotides, lipid nanoparticles and complex chemistry. On May 30, 2022, EUROAPI announced the expansion of its collaboration with Sanofi's mRNA platform, with the development of lipid nanoparticles.

Several growth and performance capex projects were initiated during the half, in line with the objective to commit about half of EUROAPI's investments to growth and performance in order to sustain high value capacity-constrained segments in API Solutions and fast-paced expanding modalities in CDMO by 2025. In this regard, a new tranche of the oligonucleotide and peptide capacity expansion program was launched in Frankfurt, along with the initiation of the construction of a biomass boiler to support the vitamin B12 capacity enhancement program in Elbeuf.

Successful listing on Euronext Paris

On May 6, 2022, EUROAPI announced the success of its listing on Euronext Paris and its first day of trading as an independent company, with Sanofi, EPIC Bpifrance and L'Oréal respectively holding around 30%, 12%[2] and 5% of the share capital and voting rights of EUROAPI[3].

On June 20, 2022, EUROAPI was included in the SBF 120 index, one of the Paris stock exchange's flagship indices, and the CAC Mid 60 index, representing the 60 largest French equities after the CAC 40 and the CAC Next 20.

Conflict between Ukraine and Russia

The Group has little exposure to the conflict between Ukraine and Russia in terms of suppliers or customers, given its limited exposure to the markets of the countries concerned. Any asset recoverability issues have been identified. However, the conflict has pushed energy prices and inflation sharply upwards. Thanks to EUROAPI's energy price hedging strategy and to its policy for managing selling prices and industrial performance, 2022 guidance remains unchanged for net sales and Core EBITDA margin. However, Capex guidance[4] was updated to approximately 14% of net sales to support growth in a highly inflationary environment. Please refer to the "Outlook" section of this report.

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[1] *As of June 30, 2022, the CDMO pipeline included 22 existing commercial projects originating from before EUROAPI's separation from Sanofi, 23 new projects won by the CDMO teams prior to December 31, 2021 and 19 projects won since the beginning of the year.*

[2] *EPIC Bpifrance, acting on behalf of the French State in accordance with the* Convention French Tech Souveraineté *dated December 11, 2020, agreed to purchase 12% of EUROAPI's share capital from Sanofi at a price equal to the lower of (i) the volume-weighted average price ("VWAP") of EUROAPI's shares over a period of 30 consecutive trading days beginning on the first day of trading on May 6, 2022, multiplied by the number of shares acquired, and (ii) €150 million. The purchase was completed for the latter amount.*

[3] *EPIC Bpifrance and Sanofi have committed to a two-year lock-up period starting from the settlement and delivery date of the EUROAPI shares sold by Sanofi to EPIC Bpifrance (i.e., June 17, 2022) and L'Oréal has committed to a one-year lock-up period starting from May 10, 2022, in each case subject to the customary exceptions.*

[4] *The Capex guidance is computed based on Capex acquisition as reported in the "Net cash used in investing activities" but excluding the acquisition of intangible assets related to the carve-out and fully financed by Sanofi, divided by the Company's net sales during the same period.*

Other significant events

- **Capital increase**

On February 23, 2022, and in the context of the Company's initial listing, the Company completed a €83,719,000 capital increase, fully subscribed by Sanofi Aventis Participations and paid up in cash.
The capital increase, exclusively subscribed by Sanofi pre-listing, was for carve-out related restructuring purposes (eliminating debt) and to finance the remaining part of the committed carve-out related CAPEX expenses.

- **Liquidity contract**

As announced on June 1, 2022, EUROAPI has appointed Kepler Cheuvreux to implement a liquidity contract to promote the liquidity of EUROAPI shares admitted to trading on Euronext Paris. The "Half-year liquidity contract statement" for first-half 2022 is available on EUROAPI's website.

Subsequent events

- **Construction of a new generation biomass boiler to reduce CO_2 emissions**

On July 21, 2022, EUROAPI announced the launch of a €24 million investment for the construction of a state-of-the-art boiler at its Saint-Aubin-lès-Elbeuf site (Seine-Maritime, France) that is scheduled to be commissioned in 2025. This investment should enable EUROAPI to support the site's program to increase vitamin B12 production capacity, reduce its CO_2 emissions by almost 76% by 2026 compared to 2020, and support the Group's strategy of achieving greater energy autonomy. This investment is backed by a €10.4 million financial support package from the French government under the France Relance program operated by the French ecological transition agency, ADEME.

- **Success of EUROAPI's first employee shareholding plan**

On July 22, 2022, EUROAPI announced the success of its first employee shareholding plan ("Action 2022") open from June 10 to June 24, 2022 in eight countries, to which more than 67% of eligible employees of the Group – and nearly 92% in France – subscribed, with a total investment amounting to €5,025,199.76. Following the operation, in July EUROAPI issued 522,600 new ordinary shares, representing 0.56% of the share capital and voting rights.

- **Governance**

The Board of Directors has now been completed with the appointment of Rodolfo Savitzky (Chief Financial Officer and member of the Executive Board of SoftwareONE and former Chief Financial Officer of Lonza) as an independent Board member becoming effective on September 1, 2022, and the appointment of two employee representatives, Marie-Isabelle Penet and Kévin Rodier.

Analysis of results for the six-month periods ended June 30, 2022 and June 30, 2021

The table below shows the Group's consolidated statement of income for the six-month periods ended June 30, 2022 and June 30, 2021.

(in € millions)	Note	June 30, 2022	June 30, 2021
Net sales		483.8	434.7
Other revenues		2.0	—
Cost of sales		(388.1)	(383.1)
Gross profit		**97.7**	**51.7**
Gross Margin (% of net sales)		**20.2 %**	**11.9 %**
Selling and distribution expenses		(17.6)	(12.7)
Research and development expenses		(11.4)	(10.0)
Administrative and general expenses		(40.0)	(25.3)
Other operating income and expenses		2.2	(2.0)
Restructuring costs and similar items		(4.8)	(0.8)
Operating income		**26.1**	**0.9**
Operating income (% of net sales)		**5.4 %**	**0.2 %**
Financial result		**(2.3)**	**(1.0)**
Income/(loss) before tax		**23.8**	**(0.1)**
Income/(loss) before tax (% of net sales)		**4.9 %**	**— %**
Income tax expense		(7.0)	(1.0)
ETR (%)		**29.6 %**	**— %**
Net income/(loss)		**16.7**	**(1.1)**
Net income/(loss) (% of net sales)		**3.5 %**	**(0.2)%**

Nb: figures on a consolidated basis

Net sales and gross profit

Consolidated net sales amounted to €483.8 million for the six-month period ended June 30, 2022, compared to €434.7 million for the six-month period ended June 30, 2021.

As from January 1, 2022, other revenues include activities and services that are not EUROAPI core activities (i.e., not related to the manufacturing and/or distribution of APIs), including:

- the secondary packaging activity performed in Haverhill for certain Sanofi finished products that were historically included in API Solutions / Sanofi, and in complex chemical synthesis;
- quality testing activities for Sanofi products in the UK (Brexit), also handled in Haverhill, will be reported within other revenues as from the second half of 2022.

Gross profit for the first half of 2022 was €97.7 million, versus €51.7 million for the first half of 2021. The gross profit ratio improved by 831 bps to 20.2%, mainly reflecting the new contractual relationship with Sanofi, as well as additional volumes for API Solutions contributing to the improved absorption of fixed costs, the expansion of the industrial performance program, and a positive mix effect driven by additional CDMO net sales.

Restated performance measures (e.g. net sales and gross profit) have been prepared for the six months ended June 30, 2021, to illustrate the Group's performance taking into account the impacts of the Prior Reorganization Transactions as part of the separation from the Sanofi group. This analysis is available in the "Key performance indicators" section of this report.

Operating expenses

Selling and distribution expenses for the first half of 2022 amounted to €17.6 million, versus €12.7 million for the first half of 2021. Research and development expenses for the first half of 2022 came to €11.4 million, versus €10.0 million for the first half of 2021. Administrative and general expenses for the first half of 2022 amounted to €40.0 million, versus €25.3 million for the first half of 2021.

The increase in operating expenses primarily reflects recruitments aimed at building out the Company's target organizational structure further to the stock market listing. It is also explained by non-recurring expenses incurred in respect of the stock market listing, recognized in administrative and general expenses and excluded from the calculation of Core EBITDA.

Other operating income and expenses

Other operating income and expenses for the first half of 2022 represented net operating income of €2.2 million, mainly related to recharged costs to Sanofi in respect of the Master Carve Out Agreement, versus net operating expense of €2.0 million for the first half of 2021, mainly comprising a commercial lease.

Restructuring costs and similar items

Restructuring costs and similar items for the first half of 2022 amounted to €4.8 million, versus €0.8 million for the first half of 2021, and primarily reflected the reorganization and transformation plan in Italy as part of the Group's business reorientation, focusing in particular on CDMO business and on transforming the portfolio of tuberculosis treatments. It encompasses the impact of collective agreements and voluntary redundancies affecting certain positions at the Brindisi site.

Net financial expense

Net financial expense amounted to €2.3 million for the six-month period ended June 30, 2022, compared to €1.0 million for the six-month period ended June 30, 2021. The increase in financial expenses was linked to non-operating foreign exchange losses in the amount of €1.5 million in first-half 2022.

Income tax

Income tax expense amounted to €7.0 million for the six-month period ended June 30, 2022, compared to €1.0 million for the six-month period ended June 30, 2021. The increase is consistent with the change in income before tax which amounted to €23.8 million in first-half 2022 versus a loss of €0.1 million in the same year-ago period.

Net income

Consolidated net income amounted to €16.7 million for the six-month period ended June 30, 2022, compared to a loss of €1.1 million for the six-month period ended June 30, 2021.

Key performance indicators

(in € millions)	June 30, 2022	June 30, 2021 (restated)	Change
Net sales	**483.8**	**439.4**	**10.1 %**
Gross profit	**97.7**	**81.5**	**19.9 %**
as a % of net sales	*20.2 %*	*18.6 %*	*1.6 %*
EBITDA	**60.8**	**56.1**	**8.4 %**
as a % of net sales	*12.6 %*	*12.8 %*	*(0.2)%*
Core EBITDA	**70.3**	**58.5**	**20.2 %**
as a % of net sales	*14.5 %*	*13.3 %*	*1.2 %*

EBITDA and Core EBITDA 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 or net income, which are measures defined by IFRS. Other issuers may calculate EBITDA and Core EBITDA differently from the definitions used by the Group.

The half-year report also contains restated performance measures for the six-month period ended June 30, 2021 to illustrate the impacts of the Prior Reorganization Transactions as part of the separation from the Sanofi group. These restated indicators and restatements must be used only as instruments of analysis and must not be considered as substitutes for the indicators defined by the IFRSs or a faithful image of past financial statements. The restated performance measures have not been independently reviewed or audited by the Statutory Auditors. Please refer to Section 8.1.4(b) “Restated performance indicators that take into account the new EUROAPI business model from the Prior Reorganization Transactions” of the French version of the listing Prospectus and to the reconciliation provided in this report regarding restated performance measures for the six-month period ended June 30, 2021.

Net sales by flow and type

(in € millions)	June 30, 2022	June 30, 2021 (restated)	Change
API Solutions - Other clients	166.6	144.4	15.3 %
API Solutions - Sanofi	195.1	195.0	— %
API Solutions	**361.6**	**339.4**	**6.5 %**
CDMO - Other clients	69.8	66.4	5.2 %
CDMO - Sanofi	52.3	33.5	56.0 %
CDMO	**122.2**	**100.0**	**22.2 %**
Net sales	**483.8**	**439.4**	**10.1 %**
Total net sales - Other clients	*236.4*	*210.9*	*12.1 %*
Total net sales - Sanofi	*247.4*	*228.5*	*8.3 %*

API Solutions

API Solutions sales reached €361.6 million, up 6.5% year on year, driven by growth in sales to Other clients (up 15.3%) and stable sales to Sanofi (up 0.0%).

Sales to Other clients primarily benefited from an increase in volumes sold to both new and existing customers. Volumes started to normalize with existing clients for certain API families (notably alkaloids and anti-addiction treatments) due to the lower prevalence of Covid-19, while additional sales were generated by several newly signed or extended contracts. In the context of rising inflation, the price adjustment strategy was intensified. The initial effects seen in the second-quarter of 2022 are expected to continue in the second half of the year.

Sales to Sanofi remained broadly stable during the period. As defined in the Global Manufacturing and Supply Agreement entered into with Sanofi, raw material pass-through, energy price sharing and performance sharing clauses were activated during the first half of the year.

CDMO

CDMO sales experienced strong momentum during the period, up 22.2% to €122.2 million. Sales growth was mainly driven by sales to Sanofi, which were up 56.0%, while sales to Other clients increased by a steady 5.2%.

Sales to Other clients primarily benefited from the ramp-up of a contract with a US biotech following the production of the first commercial batches in the second half of 2021. This increase was partially offset by a high basis of comparison in the first-half of 2021 as EUROAPI sold several batches of a Covid-19 related treatment, which will be manufactured during the second half of this year. Several new CDMO projects won in 2021 started to generate revenue during the period. Given the milestone-based nature of development projects, CDMO project revenues are expected to be phased towards subsequent periods.

Continuous off-take of commercial products and late-stage pipeline fueled sales to Sanofi. The CDMO portfolio for Sanofi is relatively more mature (skewed toward Phase 2 and 3) as projects were pre-existing before the finalization of the carve-out. New contracts won in 2021 and thereafter in the first-half of 2022 started to generate revenue during the period.

Net sales by product category

(in € millions)	June 30, 2022	June 30, 2021 (restated)	Change
Large molecules	47.9	9.0	431.1 %
Highly potent molecules	47.1	50.6	(6.9)%
Biochemistry molecules derived from fermentation	65.4	75.4	(13.2)%
Complex chemical synthesis molecules	323.4	304.4	6.2 %
Net sales	**483.8**	**439.4**	**10.1 %**

Large molecules saw a sustained level of customer demand for both peptides and oligonucleotides, notably through the continued ramp-up of a CDMO contract with a US biotech (building blocks for a commercial oligonucleotide), good momentum on the Sanofi portfolio and new CDMO projects won in 2021 that are starting to incrementally deliver. The business delivered a strong 431.1% increase to reach €47.9 million in net sales.

Highly potent molecules were down 6.9% to €47.1 million experiencing an increase in prostaglandins sales which were more than offset by the impact of lower demand for veterinary hormones.

Biochemistry molecules derived from fermentation contracted by 13.2% to €65.4 million due to several factors, notably a one-off industrial process issue on vitamin B12 (since rectified) and the transformation of the Brindisi site from an API Solutions anti-infective production to a CDMO fermentation activity. This resulted in the launch of a repurposing program for the site.

Complex chemical synthesis molecules delivered strong 6.2% sales growth to €323.4 million, fueled by API Solutions. During first-half 2022, the business benefited from the normalization of volumes on certain classes of APIs, together with the initial effects of the price adjustment strategy in the context of rising inflation for both Sanofi and Other clients. Conversely, on the CDMO front, several batches related to a Covid-19 treatment were manufactured and sold in the first half of 2021 but not this half, generating a high basis of comparison.

Gross profit

Gross profit reached €97.7 million, up 19.9%, fueled by efficiency initiatives (price adjustment and industrial performance plan), by higher volumes enabling better absorption of the Company's cost structure, and a better product mix. Taken together, these initiatives more than offset cost base inflation.

EBITDA and Core EBITDA[5]

EBITDA for the first half of 2022 totaled €60.8 million (12.6% of net sales), versus €56.1 million for the first half of 2021 as restated (12.8% of restated net sales).

Core EBITDA for the first half of 2022 amounted to €70.3 million (14.5% of net sales), versus €58.5 million for the first half of 2021 as restated (13.3% of restated net sales). The Core EBITDA margin increased by 128 bps to 14.5%, mainly reflecting the improvement in the gross profit, partially offset by higher operating expenses on R&D costs reflecting the setting up of the structures required to support the growth of the CDMO business.

[5] *Definitions of EBITDA and Core EBITDA are provided in Section 8.1.4.b in the French listing Prospectus approved by the AMF on March 31, 2022, under number 22-076.*

The table below shows the reconciliation of EBITDA and Core EBITDA with operating income. The reconciliation of restated EBITDA and restated Core EBITDA with EBITDA and Core EBITDA for the first half of 2021 is presented in a dedicated section below.

(in € millions)	June 30, 2022	June 30, 2021	June 30, 2021 (restated)
Operating income	**26.1**	**0.9**	**N.C.**
Depreciation and amortization (1)	34.7	33.3	N.C.
EBITDA	**60.8**	**34.3**	**56.1**
Restructuring costs and similar items (excluding depreciation and amortization) (2)	4.8	0.8	0.8
Other (3)	4.8	1.7	1.7
Core EBITDA	**70.3**	**36.7**	**58.5**

n.c: "Not communicated" as restated financial information was calculated only for the key performance indicators.

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 and amortization) as disclosed in Note 6.4 and Note 8 of the consolidated financial statements.*
3. *For the first half of 2022, the amount corresponds to expenses related to the initial listing of EUROAPI, such as those resulting from the exceptional allocation of free shares to certain executives (see "Exceptional allocation of free shares to certain executives in connection with the listing" of section 14.1.3 "Allotment of stock options" of the French version of the listing Prospectus), the "co-investment" plan (described in Section 14.1.2 "Remuneration of the corporate officers" of the French version of the listing Prospectus) and the employee shareholding plan (described in Section 16.3.4 "Employee stock ownership plans" of the French version of the listing Prospectus). For the first half of 2021, the amount corresponds to other operating expenses as disclosed in the Note 6.3 of the half-year condensed financial statements.*

Core free cash flow and core free cash flow conversion[6]

(in € millions)	June 30, 2022	June 30, 2021
Cash flow provided by operating activities	**4.1**	**29.1**
Net change in other current assets and other current liabilities	(2.4)	7.6
Current taxes	7.3	5.9
Acquisitions of property plant and equipment and intangible assets	(79.8)	(40.2)
Intangible assets relating to the carve-out and Group IT set up [(a)]	28.4	—
Restructuring costs and similar items – inflows/outflows	—	—
Expenses relating to environmental provisions – inflows/outflows	2.2	7.1
Core Free Cash Flow	**(40.2)**	**9.6**
Core Free Cash Flow conversion (Core Free Cash Flow/Core EBITDA)	**(57.2)%**	**26.1 %**

(a) The acquisition of intangible assets relating to the carve-out and fully financed by Sanofi are excluded from the calculation of Core Free Cash Flow (€28.4 million for the first half of 2022).

[6] *Definitions of Core Free Cash Flow and Core Free Cash Flow Conversion are provided in the Section 9.5.4 of the French version of the listing Prospectus approved by the AMF on March 31, 2022, under number 22-076.*

A negative Core Free Cash Flow amounted to €40.2 million in H1-2022, not yet reflecting the normalized cash flow generation of the business, which would come from 2023 onward. Whereas Core EBITDA increased to €70.3 million in the first-half 2022, in the light of net sales growth and improved gross profit, this was more than offset by the combined effect of the settlement during the first-half 2022 of around €30 million of payables outstanding at the end of 2021, corresponding to the 2021 Prior Reorganization Transactions (one-time event), the usual increase in the inventory level at the end of June (before manufacturing sites summer maintenance) for around €26 million and investments for circa €51 million, in line with Company's growth strategy.

Reconciliation of restated indicators for the six-month periods ended June 30, 2021

For the purposes of presenting meaningful comparisons further to the implementation of the new business model resulting from the Prior Reorganization Transactions[7], the Group provides restated financial indicators for the six-month period ended June 30, 2021. These indicators and restatements must be used only as instruments of analysis and must not be considered as substitutes for the indicators defined by the IFRSs or as a faithful image of past financial statements.

The table below summarizes the various types of restatements applied to the Group's indicators for the six-month period ended June 30, 2021 and presents a reconciliation with the relevant indicators.

€ in millions	June 30, 2021	Restatements (*)					Reclass. (7)	June 30, 2021 Restated
		Sanofi contracts *(1)*	Secondary packaging (3)	Target organizational structure *(4)*	Scope adjustments (5)	Other (6)		
Net sales	**434.7**	**24.0**	**-7.4**	**0.0**	**-10.4**	**0.0**	**-1.6**	**439.4**
Other clients (2)	*227.2*	*-5.4*	*0.0*	*0.0*	*-10.9*	*0.0*	*0.0*	*210.9*
Sanofi	*207.5*	*29.5*	*-7.4*	*0.0*	*0.5*	*0.0*	*-1.6*	*228.5*
Other revenues	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***1.6***	***1.6***
Gross profit	**51.7**	**33.5**	**0.3**	**1.8**	**-3.1**	**-2.7**	**0.0**	**81.5**
EBITDA	**34.3**	**33.5**	**0.3**	**-6.3**	**-3.1**	**-2.7**	**0.0**	**56.1**
Core EBITDA	**36.7**	**33.5**	**0.3**	**-6.3**	**-3.1**	**-2.7**	**0.0**	**58.5**

(*) Restatements as defined in Section 8.1.4(b) "Restated performance indicators that take into account the new EUROAPI business model from the Prior Reorganization Transactions" of the French version of the listing Prospectus approved by the AMF on March 31, 2022, under number 22-076.

(1) Restatements for "Sanofi contracts" do not only affect net sales. As indicated in the "Presentation of the restatements for the new EUROAPI business model resulting from the Prior Reorganization Transactions" in the Listing Prospectus, restatements for "Sanofi contracts" include the Distribution Agreement and the Reverse Manufacturing and Supply Agreements. These contracts favorably affect the purchasing terms with Sanofi and therefore, gross profit, without affecting net sales.

(2) Restatements for Sanofi contracts generated a decrease in net sales to other clients due to the reclassification of sales historically made with customers other than Sanofi. Under the new business model, Sanofi retains the commercial relationship with these customers and accordingly, the related sales were reclassified as sales to Sanofi.

(3) This adjustment consists of retrospectively converting the business model of the labeling and secondary packaging activity carried out by EUROAPI in the United Kingdom. Prior to the new agreements signed on October 1, 2021, and effective as of January 1, 2022, the Haverhill site purchased and sold on to Sanofi, in line with Sanofi's transfer pricing policy, the inventory of goods for which it was responsible for labeling and packaging. Under the new model, EUROAPI no longer owns the inventory but receives a toll fee for the labeling and secondary packaging services it performs.

[7] *Please refer to Section 8.1.4(b) "Restated performance indicators that take into account the new EUROAPI business model from the Prior Reorganization Transactions" of the French version of the listing Prospectus approved by the AMF on March 31, 2022, under number 22-076.*

(4) In line with the proposed stock market listing of the API activity announced by Sanofi on February 24, 2020, the Company began to structure its target organization in 2020 by recruiting management teams. This adjustment aims to reflect the outstanding cost structure required to run the business independently.

(5) Scope adjustments concern certain APIs manufactured at Sanofi's sites and which remain the property of Sanofi. These contracts were managed within the historical scope of EUROAPI but were not transferred as part of the "Prior Reorganization Transactions".

(6) Other restatements concerned certain specific items, such as the cancellation of a provision recognized on a product that remains within the Sanofi scope, and for which the associated sales and direct costs have been adjusted in the "Scope adjustments" column.

(7) As from January 1, 2022, activities and services which are not EUROAPI core activities (not related to the manufacturing and/or distribution of APIs) are recognized under other revenues. In the breakdown of net sales, this additional €1.6 million reclassification impacts the "API Solutions" and "Complex chemical synthesis molecules" businesses.

Consolidated cash flows for the six-month periods ended June 30, 2022 and June 30, 2021

(in € millions)	June 30, 2022	June 30, 2021
Net cash provided by/(used in) operating activities	**4.1**	**29.1**
Net cash provided by/(used in) investing activities	**(79.8)**	**(40.2)**
Net cash provided by/(used in) financing activities	**101.9**	**13.1**
Impact of exchange rates on cash and cash equivalents	(0.6)	—
Net change in cash and cash equivalents	**25.6**	2.1
Cash and cash equivalents, at beginning of period	**10.3**	**—**
Cash and cash equivalents, at end of period	**35.9**	**2.1**

Net cash provided by operating activities

The following table shows net cash provided by operating activities for the periods ended June 30, 2022 and June 30, 2021:

(in € millions)	June 30, 2022	June 30, 2021
Net income	**16.7**	**(1.1)**
Depreciation, amortization and impairment of property, plant and equipment, right-of-use assets and intangible assets	34.7	33.3
Net change in deferred taxes	(0.2)	(4.9)
Other profit or loss items with no cash effect and reclassification of interest	9.9	(1.2)
Operating cash flow before changes in working capital	**61.1**	**26.1**
(Increase)/decrease in inventories	(25.5)	(30.5)
(Increase)/decrease in trade receivables	(4.3)	47.7
Increase/(decrease) in trade payables	(29.6)	(6.6)
Net change in other current assets and other current liabilities	2.4	(7.6)
Net cash provided by/(used in) operating activities	**4.1**	**29.1**

Net cash provided by operating activities amounted to €4.1 million for the six-month period ended June 30, 2022, compared to €29.1 million for the six-month period ended June 30, 2021.

The €25 million year on year decrease in net cash from operating activities reflected the €35.3 million increase in operating cash flow before changes in working capital, driven notably by higher net income, which more than offset the negative €57.0 million change in working capital in the first half of 2022 (versus a positive €3.0 million change one year earlier). The increase in working capital is mainly attributable to a catch-up effect due to exceptionally high levels of trade payables at the end of 2021 owing to the carve-out (for around €30 million) and first-half sales being loaded towards the end of the period with an impact on the change in trade receivables.

Net cash used in investing activities

The following table shows net cash used in investing activities for the six-month periods ended June 30, 2022 and June 30, 2021:

(in € millions)	June 30, 2022	June 30, 2021
Acquisitions of property, plant and equipment and intangible assets	(79.8)	(40.2)
Net change in other non-current assets	0.0	—
Net cash provided by/(used in) investing activities	**(79.8)**	**(40.2)**

Net cash used in investing activities during the period primarily reflected acquisitions of property, plant and equipment and intangible assets, which totaled €79.8 million in first-half 2022 versus €40.2 million in first-half 2021.

The amount of €79.8 million includes payments for intangible assets related to the carve-out (mostly software) for €27 million, which was outstanding at the end of 2021, and intangible assets acquired during the first half of 2022 for €1.4 million. Both acquisitions were fully financed by Sanofi through capital increases before the listing. Excluding these two items, acquisitions of property, plant and equipment represent 10.6% of net sales for the period. This low percentage compared to the new guidance of 14% of net sales is attributable to the phasing of projects during the year.

Net cash provided by financing activities

(in € millions)	June 30, 2022	June 30, 2021
Capital increases	83.7	—
Dividends paid	0.0	—
Repayment of lease liabilities	(2.2)	(1.4)
Net change in short-term debt	14.5	—
Finance costs paid	(2.7)	(0.6)
Acquisition and disposal of treasury shares	(0.2)	—
Net contribution of Sanofi to the EUROAPI Group (a)	8.9	15.1
Net cash provided by/(used in) financing activities	**101.9**	**13.1**

(a) In 2021, this amount corresponds to the situation vis-à-vis the controlling entity up to and including the completion date of the Prior Reorganization Transactions. 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 €101.9 million for the six-month period ended June 30, 2022 compared to €13.1 million for the six-month period ended June 30, 2021.

The main financing cash flows during the period resulted mainly from:

- the €83.7 million capital increase completed on February 23, 2022, in the context of the Company's stock market listing, fully subscribed by Sanofi Aventis Participations and paid up in cash. The capital increase, exclusively subscribed by Sanofi pre-listing, was for carve-out related restructuring purposes (eliminating debt) and to finance the remaining part of the committed carve-out related CAPEX expenses;
- the €10.0 million drawdown on the revolving credit facility; and
- Sanofi's €8.9 million contribution to the EUROAPI Group.

Related party transactions

The Group's main related parties are defined in Section 18 "Related parties" and in Notes C and D.22 of the consolidated financial statements for the years ended December 31, 2021, 2020 and 2019, presented in Section 19.1 "Historical financial information" of the Prospectus approved by the AMF on March 31, 2022, under number 22-076.

Note 10.4 to the condensed half-year consolidated financial statements provides a description of the main transactions and balances with related parties for the six-month period ended June 30, 2022.

Outlook

The outlook for the full year is based on several assumptions:

- Continuation of the general inflationary environment requiring the highest management attention;
- Continuation of the commercial strategy through price adjustments expected to fully materialize during the second half of the year;
- Ability to pursue operational and industrial performance measures to contain cost increases;
- Finalization of the energy hedging as per EUROAPI policy;
- Minimal net sales and procurement exposure to Russia and Ukraine.

Assuming the current market conditions do not materially change (economic environment and/or geopolitical situation), EUROAPI confirms its 2022 guidance:

- Consolidated net sales of around €1 billion;
  - CDMO sales ranging from 25% to 30%,
  - Sanofi sales: reduced dependency compared to 2021;
- Core EBITDA margin equal to or greater than 14%;
- Capex guidance is updated to circa 14% of net sales to support growth in a highly inflationary environment[8].

In the current context, EUROAPI remains confident in achieving its mid-term financial objectives.

Main risks and uncertainties for the next six months

The main risks and uncertainties faced by the Group over the remaining six months of the year are substantially similar to those presented in Section 3. "Risk factors relating to the issuer" of the Prospectus approved by the AMF on March 31, 2022, under number 22-076.

One or more of these risks, as well as any others that we may not yet have identified, could materialize during the second half of 2022.

[8] *Defined as acquisitions of property, plant and equipment and intangible assets in the consolidated statement of cash flows excluding acquisition of intangibles related to the Prior Reorganization Transactions and fully financed by Sanofi, divided by the Net Sales of the company during the same period.*

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated financial statements

Consolidated statements of financial position

(in € millions)	Note	June 30, 2022	December 31, 2021 [a]
Property, plant and equipment	5.1	580.4	586.1
Right-of-use assets	5.2	48.2	45.6
Intangible assets	5.3/5.4	25.8	26.8
Other non-current assets		15.1	9.7
Deferred tax assets	7.0	48.6	48.8
Non-current assets		**718.1**	**717.0**
Inventories	5.5	590.0	569.5
Trade receivables	5.6	266.6	238.9
Other current assets	5.7	79.6	86.4
Cash and cash equivalents	5.15	35.9	10.3
Current assets		**972.1**	**905.0**
Total assets		**1,690.1**	**1,622.0**
Equity attributable to owners of the parent		1,111.7	1,015.9
Equity attributable to non-controlling interests		—	—
Total equity	**5.9**	**1,111.7**	**1,015.9**
Non-current lease liabilities	5.10	21.6	18.7
Provisions	5.11	187.9	195.0
Other non-current liabilities		—	—
Deferred tax liabilities	7.0	5.7	5.6
Non-current liabilities		**215.2**	**219.4**
Trade payables	5.12	196.9	189.6
Other current liabilities	5.13	146.0	191.7
Current lease liabilities	5.10	4.4	4.0
Short-term debt and other financial liabilities	5.15	15.9	1.4
Current liabilities		**363.2**	**386.7**
Total equity and liabilities		**1,690.1**	**1,622.0**

(a) Amended to reflect the finalization of analyses relating to the Prior Reorganization Transactions carried out during 2021 (see Note 2).

Consolidated income statements

(in € millions)	Note	June 30, 2022	June 30, 2021
Net sales		483.8	434.7
Other revenues		2.0	—
Cost of sales		(388.1)	(383.1)
Gross profit		**97.7**	**51.7**
Selling and distribution expenses		(17.6)	(12.7)
Research and development expenses		(11.4)	(10.0)
Administrative and general expenses		(40.0)	(25.3)
Other operating income	6.2	2.4	—
Other operating expenses	6.3	(0.2)	(2.0)
Restructuring costs and similar items	6.4	(4.8)	(0.8)
Other gains and losses, and litigation	6.5	—	—
Operating income		**26.1**	**0.9**
Financial expenses	6.6	(2.4)	(1.1)
Financial income	6.6	0.1	0.1
Income/(loss) before tax		**23.8**	**(0.1)**
Income tax expense	7.0	(7.0)	(1.0)
Net income/(loss)		**16.7**	**(1.1)**
Attributable to owners of the parent		16.7	(1.1)
Attributable to non-controlling interests		—	—

Average number of shares outstanding (in millions) [a]		92.8	90.0
Average number of shares after dilution (in millions) [a]		93.2	90.0
- Basic earnings per share (in euros)		0.18	(0.01)
- Diluted earnings per share (in euros)		0.18	(0.01)

(a) Earnings per share for the six months ended June 30, 2021 is calculated on the basis of the average number of EUROAPI shares outstanding as derived from the retrospective recognition of the EUROAPI Prior Reorganization Transactions (see Note A.2. of the 2021 consolidated financial statements). Diluted earnings per share for periods in which there was a net loss is presented as equivalent to basic earnings per share.

Consolidated statements of comprehensive income

(in € millions)	Note	June 30, 2022	June 30, 2021
Net income/(loss)		**16.7**	**(1.1)**
Attributable to owners of the parent		*16.7*	*(1.1)*
Attributable to non-controlling interests		*—*	*—*
Other comprehensive income:			
Actuarial gains/(losses) [a]		1.5	1.5
Tax effects		(0.4)	—
Subtotal: items that will not subsequently be reclassified to profit or loss (A)		**1.1**	**1.5**
Currency translation differences [b]		(14.2)	12.9
Subtotal: items that may be reclassified to profit or loss (B)		**(14.2)**	**12.9**
Other comprehensive income for the period, net of taxes (A+B)		**(13.1)**	**14.4**
Comprehensive income		**3.6**	**13.3**
Of which comprehensive income attributable to owners of the parent		*3.6*	*13.3*
Of which comprehensive income attributable to non-controlling interests		*—*	*—*

(a) In 2022, this line corresponds in full to the effect of the increase in discount and inflation rates on provisions for pensions and other post-employment benefits.
(b) The negative €14.2 million impact shown under currency translation differences mainly concerns Hungary (negative €13.3 million).

Consolidated statements of cash flows

(in € millions)	Note	June 30, 2022	June 30, 2021
Net income attributable to owners of the parent		**16.7**	**(1.1)**
Depreciation, amortization and impairment of property, plant and equipment, right-of-use assets and intangible assets		34.7	33.3
Net change in deferred taxes		(0.2)	(4.9)
Other profit or loss items with no cash effect and reclassification of interest [a]		9.9	(1.2)
Operating cash flow before changes in working capital		**61.1**	**26.1**
(Increase)/decrease in inventories		(25.5)	(30.5)
(Increase)/decrease in trade receivables		(4.3)	47.7
Increase/(decrease) in trade payables		(29.6)	(6.6)
Net change in other current assets and other current liabilities		2.4	(7.6)
Net cash provided by operating activities		**4.1**	**29.1**
Acquisitions of property, plant and equipment and intangible assets [b]		(79.8)	(40.2)
Acquisitions of consolidated undertakings and equity-accounted investments		—	—
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		**(79.8)**	**(40.2)**
Capital increases		83.7	—
Dividends paid		—	—
Repayment of lease liabilities		(2.2)	(1.4)
Net change in short-term debt		14.5	—
Finance costs paid [c]		(2.7)	(0.6)
Acquisitions and disposals of treasury shares		(0.2)	—
Net contribution of Sanofi to the EUROAPI Group [d]		8.9	15.1
Net cash provided by financing activities		**101.9**	**13.1**
Impact of exchange rates on cash and cash equivalents		(0.6)	—
Net change in cash and cash equivalents		**25.6**	**2.1**
Cash and cash equivalents at beginning of period		**10.3**	**—**
Cash and cash equivalents at end of period		**35.9**	**2.1**

(a) In 2022, this line mainly comprises changes in non-current provisions, unrealized exchange gains and losses and free share plan expense.
(b) This line includes the acquisition during the period and the payment of supplier invoices relating to 2021 capital expenditure at the beginning of 2022.
(c) Finance costs paid include interest, realized foreign exchange gains and losses, and interest on lease liabilities.
(d) For 2021, this amount corresponds to the situation vis-à-vis the controlling entity up to and including the completion date of the Prior Reorganization Transactions. For 2022, this amount corresponds to cash flows on the current account with the controlling entity until the effective spin-off date. As of spin-off date, the current account receivable was reimbursed in full by Sanofi.

Consolidated statements of changes in equity

(in € millions)	Share capital	Legal reserve and share premium	Share-based payments	Treasury shares	Other comprehensive income	Other reserves and retained earning	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2021	**90.0**	**1,778.2**	**4.5**	**—**	**(14.3)**	**(869.0)**	**989.3**	**—**	**989.3**
Other comprehensive income for the period	—		—	—	12.9	1.5	14.4	—	14.4
Net income/(loss) for the period	—	—	—	—	—	(1.1)	(1.1)	—	(1.1)
Comprehensive income for the period	**—**	**—**	**—**	**—**	**12.9**	**0.4**	**13.3**	**—**	**13.3**
Capital increases	—	—	—	—	—	—	—	—	—
Dividend paid out of 2020 earnings	—	—	—	—	—	—	—	—	—
Share-based payment	—	—	0.9	—	—	—	0.9	—	0.9
Issue of shares	—	—	—	—	—	—	—	—	—
Net contribution of Sanofi to the EUROAPI group	—	—	—	—	—	(7.7)	(7.7)	—	(7.7)
Other movements	—	—	—	—	—	—	—	—	—
Balance at June 30, 2021	**90.0**	**1,778.2**	**5.4**	**—**	**(1.3)**	**(876.2)**	**995.9**	**—**	**995.9**

(in € millions)	Share capital	Legal reserve and share premium	Share-based payments	Treasury shares	Other comprehensive income	Other reserves and retained earning	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2022 [(a)]	**90.0**	**1,778.2**	**6.3**	**—**	**16.6**	**(875.1)**	**1,015.9**	**—**	**1,015.9**
Other comprehensive income for the period	—	—	—	—	(14.2)	1.1	(13.1)	—	(13.1)
Net income/(loss) for the period	—	—	—	—	—	16.7	16.7	—	16.7
Comprehensive income for the period	**—**	**—**	**—**	**—**	**(14.2)**	**17.9**	**3.6**	**—**	**3.6**
Capital increases	4.0	79.7	—	—	—	—	83.7	—	83.7
Dividend paid out of 2021 earnings	—	—	—	—	—	—	—	—	—
Share-based payment [(b)]	—	—	4.2	—	—	—	4.2	—	4.2
Issue of shares	—	—	—	(0.2)	—	—	(0.2)	—	(0.2)
Net contribution of Sanofi to the EUROAPI Group [(b)]	—	—	—	—	—	4.6	4.6	—	4.6
Other movements	—	—	—	—	—	—	—	—	—
Balance at June 30, 2022	**94.0**	**1,857.8**	**10.4**	**(0.2)**	**2.4**	**(852.7)**	**1,111.7**	**—**	**1,111.7**

(a) Figures as of December 31, 2021 have been amended to reflect the finalization of analyses relating to the Prior Reorganization Transactions carried out during 2021 (see Note 2).
(b) Note 5.9 explains in detail the impacts presented under “Share-based payment” and “Net contribution of Sanofi to the EUROAPI Group”.

Notes to the condensed half-year consolidated financial statements as of June 30, 2022

NOTE 1. INTRODUCTION

On May 6, 2022, EUROAPI (the "Company" or the "Group"), a leading player in the active pharmaceutical ingredient (API) market, successfully listed on the regulated market of Euronext Paris (Euronext: EAPI).

EUROAPI, together with its subsidiaries (collectively "EUROAPI", "the Group" or "the Company"), 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 Sanofi.

Subsequent to the Prior Reorganization Transactions, which were completed as of December 31, 2021, the Group comprises EUROAPI, a French joint-stock company (*société anonyme*) with its registered office at 15, rue Traversière, 75012 Paris, France, and subsidiaries owned by EUROAPI.

The condensed consolidated financial statements for the six months ended June 30, 2022 were reviewed by the EUROAPI Board of Directors at its meeting on August 29, 2022.

NOTE 2. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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 June 30, 2022 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).

The interim consolidated financial statements, presented here in condensed form, have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not contain all the information and notes included in a full set of annual financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2021.

The accounting policies applied effective January 1, 2022 are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2021 (for further details on comparative information, see sections A.2 and A.3 of the 2021, 2020 and 2019 consolidated financial statements).

Unless otherwise indicated, the amounts shown in the consolidated financial statements are presented in millions of euros.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE TO FINANCIAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2022

Mandatory as of January 2022:

Standards, amendments and interpretations whose application was mandatory as of January 1, 2022 are as follows:

- Amendment to IFRS 3 "Business Combinations – Reference to the Conceptual Framework".
- Amendment to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use".
- Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts: Cost of Fulfilling a Contract".
- Annual Improvements to IFRSs (2018-2020 Cycle) issued by the IASB on May 14, 2020.

These new amendments had no material impact on the Group's consolidated financial statements.

Not mandatory as of January 2022:

Standards, amendments and interpretations whose application was not mandatory as of January 1, 2022:

- IFRS 17 "Insurance Contracts" (issued on May 18, 2017); including Amendments to IFRS 17 (issued on June 25, 2020).
- 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 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).

- Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (issued on May 7, 2021).

Those amendments have not been early adopted by EUROAPI in its consolidated financial statements for the six months ended June 30, 2022.

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;
- estimates of variable consideration;
- the recoverable amount of cash generating units (see Note 5.4);
- the carrying amount, and allowances for impairment and destruction of inventories (see Note 5.5);
- the measurement of assets and liabilities relating to post-employment benefits (see Note 5.11);
- the recoverability of deferred tax assets (Note 7); and
- the amount of provisions for risks (see Note 5.11), including environmental risks.

Before the completion of the Prior Reorganization Transactions, additional estimates and assumptions were made for the purposes of preparing the historical financial statements, in particular those relating to EUROAPI activities housed within Sanofi entities and costs attributable to administrative and general services provided by the Sanofi group (see section A.3.2 of the 2021, 2020 and 2019 consolidated financial statements).

2021 AMENDMENTS TO COMPARATIVE INFORMATION

During the period, further to the finalization of the analyses relating to the Prior Reorganization Transactions completed as of December 31, 2021, a few errors were identified, mainly relating to tax considerations. These errors have no impact on the Group’s cash position and key performance indicators as of December 31, 2021, and do not affect the comparative information as of June 30, 2021.

Accordingly, the Group amended its comparative information as of December 31, 2021 in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

The impacts on the statement of financial position as of December 31, 2021 were as follows:
- deferred tax assets, positive impact of €3.5 million;
- other current liabilities, negative impact of €1 million;
- total equity, positive impact of €4.5 million.

The impacts on the Consolidated Income Statement as of December 31, 2021 were as follows:
- decrease of the Income tax expense by €7.7 million;
- increase of the Net income by €7.7 million;
- positive impact (+ €0.09) on earnings per share

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 do not qualify 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 eligible for hedge accounting. They are recorded in other current assets and liabilities in the statement of financial position (see Note 5.14).

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 in most cases 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	
					Market data	
Note	Type of financial instrument	Measurement principle	Level in fair value	Valuation technique	Valuation model	Exchange rate
	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.	
5.6/5.12	Trade receivables and payables	Amortized cost	N/A	N/A	Trade receivables and payables are measured at fair value (which in most cases equates to face value) on initial recognition, and subsequently at amortized cost.	
5.10	Lease liabilities	Amortized cost	N/A	N/A	The liability for future lease payments is discounted using the incremental borrowing rate	
5.15	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.	
5.14	Forward currency contracts	Fair value	2		Present value of future cash flows	< 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 API exceeds six months. Net sales are usually more heavily distributed toward the second half, driven by higher API Solution sales as clients manage their contractual obligation toward minimum quantity orders and some APIs are sold with seasonality. For the CDMO activity, revenue is recognized in accordance with IFRS 15 based on the fulfilment 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.

COVID-19 PANDEMIC

Covid-19, confirmed as a pandemic by the World Health Organization on March 11, 2020, led to a global health crisis. EUROAPI estimates that the impact of this major crisis on its financial performance was not material for the periods presented.
In accordance with IAS 36 "Impairment of Assets", the EUROAPI Group conducts impairment tests on the property, plant and equipment and intangible assets allocated to each cash-generating unit, including assets not yet brought into service, if an indication of impairment is identified (see Notes 5.3 and 5.4). EUROAPI has not recognized any impairment losses that are directly attributable to Covid-19 in respect of the periods presented.

IMPACT OF THE CONFLICT IN UKRAINE

The Group has little exposure to the conflict between Ukraine and Russia in terms of suppliers or customers, given its limited exposure to the markets of the countries concerned. However, the conflict has pushed energy prices and inflation sharply upwards. Thanks to EUROAPI's energy price hedging strategy and to its policy for managing selling prices and industrial performance, 2022 guidance remains unchanged for net sales and Core EBITDA margin.

NOTE 3. FIRST-HALF 2022 HIGHTLIGHTS

3.1. Main acquisitions of the period

None

3.2. Other significant events

EUROAPI share based payments

On June 3, 2022, EUROAPI granted several free share and stock option plans and launched an employee shareholding plan. Detailed information concerning the terms and conditions on these plans and the financial impacts on the consolidated financial statements is presented in Note 5.9.

Liquidity contract

On June 1, 2022, EUROAPI implemented a liquidity contract to promote the liquidity of EUROAPI shares. An amount of €0.5 million was initially allocated to the liquidity account, it was increased to €2 million on July 19, 2022. As of June 30, 2022, the liquidity account comprises 17,200 shares.

Revolving Credit Facility agreement

In connection with the initial public offering, EUROAPI contracted a €451 million revolving credit facility with a syndicate of banks, expiring on February 26, 2027 (see Note 5.15). EUROAPI has been able to draw on the facility since the initial listing of EUROAPI shares on the regulated market of Euronext Paris.

Reorganization of EUROAPI Italy

On January 25, 2022, EUROAPI announced a reorganization and transformation plan in Italy as part of the Group's business reorientation program, focusing in particular on CDMO operations and on transforming the portfolio of tuberculosis treatments. The plan covered collective agreements and voluntary redundancies affecting certain positions at the Brindisi site. In the first half of 2022, €4.7 million was recognized in restructuring costs in respect of this plan (see Note 6.4).

Amendment to the Master Carve Out Agreement

An amendment to the Master Carve Out Agreement was signed on February 25, 2022, incorporating a commitment from Sanofi to finance up to €4 million in capital expenditure earmarked for EUROAPI Italy's facilities located in Brindisi and pertaining to the repair of the sewerage network (processing, rainwater and cooling water network).

Other agreements

The Group has entered into an agreement covering activities involving the packing of finished pharmaceutical products at the industrial facility at Haverhill (United Kingdom) on behalf of Sanofi in return for financial consideration. The agreement took effect on January 1, 2022 for a five-year period from the listing date. As from the signing date of the agreement, which modifies the agent/principal relationship between the two companies, the pricing terms have been reviewed in order to reflect the new business relationship. The associated revenues are represented since under "Other revenues" in the consolidated income statements.

Capital increase

On February 23, 2022, and in the context of the Company's stock market listing, the Company completed a €83,719,000 capital increase, fully subscribed by Sanofi Aventis Participations and paid up in cash. The capital increase, exclusively subscribed by Sanofi pre-listing, was for carve-out related restructuring purposes (removing debt) and to finance the remaining part of the committed carve-out related CAPEX expenses.

NOTE 4. SCOPE OF CONSOLIDATION

All entities in EUROAPI's scope are fully consolidated. There were no changes in the scope of consolidation during the first half of 2022.

NOTE 5. NOTES TO STATEMENT OF FINANCIAL POSITION

5.1. Property, plant and equipment

The net book value of property, plant and equipment owned by EUROAPI stood at €580.4 million as of June 30, 2022.

(in € millions)	December 31, 2021	Acquisitions and other increases	Depreciation expense	Impairment losses, net of reversals	Disposals and other decreases	Currency translation differences	Transfers	June 30, 2022
Land	16.7	—	—	—	—	(0.3)	—	**16.3**
Buildings	298.6	0.1	—	—	(0.5)	(6.3)	3.7	**295.7**
Machinery and equipment	1,507.4	0.9	—	—	(9.9)	(11.6)	39.2	**1,526.0**
Fixtures, fittings and other	160.5	0.9	—	—	(0.6)	(1.1)	(6.1)	**153.6**
Property, plant and equipment in progress	152.6	30.9	—	—	—	(4.2)	(36.9)	**142.5**
Gross value	**2,135.8**	**32.8**	**—**	**—**	**(11.0)**	**(23.5)**	**—**	**2,134.1**
Land								
Buildings	(200.0)	—	(4.1)	0.1	0.5	4.5	0.1	**(199.1)**
Machinery and equipment	(1,220.1)	—	(23.3)	—	9.9	10.1	(7.1)	**(1,230.4)**
Fixtures, fittings and other	(128.9)	—	(3.2)	—	0.6	1.0	7.0	**(123.6)**
Property, plant and equipment in progress	(0.6)	—	—	—	—	—	—	**(0.6)**
Accumulated depreciation and impairment	**(1,549.7)**	**—**	**(30.6)**	**0.1**	**11.0**	**15.5**	**—**	**(1,553.7)**
Land	16.7	—	—	—	—	(0.3)	—	**16.3**
Buildings	98.6	0.1	(4.1)	0.1	—	(1.8)	3.8	**96.6**
Machinery and equipment	287.2	0.9	(23.3)	—	—	(1.5)	32.1	**295.5**
Fixtures, fittings and other	31.5	0.9	(3.2)	—	—	(0.1)	0.9	**30.1**
Property, plant and equipment in progress	152.0	30.9	—	—	—	(4.2)	(36.9)	**141.8**
Net value	**586.1**	**32.8**	**(30.6)**	**0.1**	**—**	**(8.0)**	**—**	**580.4**

5.2. Right-of-use assets

Right-of-use assets and lease liabilities

Non-cancellable 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, 2021	Acquisitions and other increases	Depreciation expense	Disposals and other decreases	Transfers	June 30, 2022
Land and buildings	51.8	3.9	—	(0.5)	2.1	57.4
Machinery and equipment	—	—	—	—	—	—
Other property, plant and equipment	6.2	1.9	—	—	(2.1)	5.9
Gross value	**57.9**	**5.9**	**—**	**(0.5)**	**—**	**63.3**
Land and buildings	(9.8)	—	(2.2)	—	(0.9)	(12.8)
Machinery and equipment	—	—	—	—	—	—
Other property, plant and equipment	(2.5)	—	(0.6)	—	0.9	(2.3)
Accumulated depreciation and impairment	**(12.3)**	**—**	**(2.8)**	**—**	**—**	**(15.1)**
Land and buildings	42.0	3.9	(2.2)	(0.5)	1.3	44.6
Machinery and equipment	—	—	—	—	—	—
Other property, plant and equipment	3.6	1.9	(0.6)	—	(1.3)	3.6
Net value	**45.6**	**5.9**	**(2.8)**	**(0.5)**	**—**	**48.2**

Lease expense on short-term leases and low-value assets are not recognized under IFRS 16. The rental expenses recorded in 2022 in relation to these leases are not material.

Total cash outflows on leases (excluding annual lease expense on short-term leases and low-value assets) amounted to €2.4 million for the six months ended June 30, 2022.

A maturity analysis of the lease liability is disclosed in Note 5.10.

5.3. Intangible assets

Movements in other intangible assets during the first half of 2022 were as follows:

(in € millions)	December 31, 2021	Acquisitions and other increases	Depreciation expense	Currency translation differences	Transfers	June 30, 2022
Software	36.4	1.4	—	(0.4)	(0.1)	37.3
Other rights	1.1	—	—	—	0.1	1.2
Gross value	**37.6**	**1.4**	**—**	**(0.4)**	**—**	**38.5**
Software	(10.7)	—	(2.4)	0.4	0.1	(12.6)
Other rights	(0.1)	—	0.1	—	(0.1)	(0.1)
Accumulated amortization and impairment	**(10.8)**	**—**	**(2.4)**	**0.4**	**—**	**(12.7)**
Software	25.8	1.4	(2.4)	(0.1)	—	24.7
Other rights	1.0	—	0.1	—	—	1.1
Net value	**26.8**	**1.4**	**(2.4)**	**(0.1)**	**—**	**25.8**

5.4. Impairment of property, plant and equipment and intangible assets

EUROAPI has reviewed the indicators of impairment of its assets as defined in the 2021, 2020 and 2019 consolidated financial statements (see Note B.6).

The results of this review carried out at the end of June 2022 did not lead to the recognition of any impairment losses in the consolidated financial statements.

5.5. Inventories

	June 30, 2022			December 31, 2021		
(in € millions)	Gross value	Allowances	Carrying amount	Gross value	Allowances	Carrying amount
Raw materials	105.3	(2.8)	102.6	99.0	(4.4)	94.5
Work in process	286.4	(11.1)	275.3	275.6	(12.8)	262.6
Finished goods	228.7	(16.6)	212.1	226.9	(14.8)	212.4
Total	**620.4**	**(30.4)**	**590.0**	**601.5**	**(32.0)**	**569.5**

5.6. Trade receivables

Trade receivables break down as follows:

(in € millions)	June 30, 2022	December 31, 2021
Gross value	268.5	241.2
Allowances	(1.9)	(2.3)
Carrying amount	**266.6**	**238.9**

(in € millions)	June 30, 2022	December 31, 2021
Trade receivables - third parties	156.3	111.4
Trade receivables - related parties	110.3	127.6
Carrying amount	**266.6**	**238.9**

The table below shows the ageing profile of overdue accounts receivable, based on gross value:

(in € millions)	Past 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
June 30, 2022	24.0	12.5	3.1	5.6	2.6	0.2
December 31, 2021	17.9	11.9	3.5	1.5	0.8	0.1

5.7. Other current assets

Other current assets comprise:

(in € millions)	June 30, 2022	December 31, 2021
Customer contract assets	13.2	11.1
Tax receivables relating to income taxes	29.1	23.2
Other receivables [(a)]	22.5	6.2
Prepaid expenses	9.9	1.3
Other current financial assets [(b)]	4.9	44.6
Total	**79.6**	**86.4**

(a) This caption includes €16.4 million of receivables in respect of indemnities provided by Sanofi resulting from various agreements signed in 2021.
(b) This caption was split between "Other current financial assets" for €8.1 million and "Other current assets - related parties" for €36.5 million in 2021, for a total of €44.6 million.
In first-half 2022, this caption mainly comprises the current portion (€3.3 million) of the indemnity provided by Sanofi against environmental liabilities arising on non-operational sites (see Note C of the 2019, 2020 and 2021 consolidated financial statements).
The decrease for the period is mainly linked to the collection of a €12.6 million VAT credit note that was outstanding as of December 31, 2021 (see Note D22.1 of the 2019, 2020 and 2021 consolidated financial statements).

5.8. Customer contract assets and liabilities

EUROAPI recognizes customer contract assets and liabilities in accordance with IFRS 15.
Customer contract assets and liabilities arise mainly on certain CDMO contracts with EUROAPI's partners.

(in € millions)	June 30, 2022	December 31, 2021
Customer contract assets	13.2	11.1
Customer contract liabilities	11.7	10.4

Customer contract assets as of June 30, 2022 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.

5.9. Equity

Total equity stood at €1,111.7 million as of June 30, 2022.

5.9.1 Share capital and share premium

On February 23, 2022, and in the context of the Company's stock market listing, the Company completed a €83,719,000 capital increase, fully subscribed by Sanofi Aventis Participations and paid up in cash.

The capital increase resulted in the issuance of new 4,026,888 ordinary shares, each with a par value of €1. Consequently, the share capital increased by €4,026,888 and the share premium by €79,692,112.

As of June 30, 2022 EUROAPI's share capital amounted to €94.0 million and the share premium stood at €1,857.8 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
June 30, 2022	**94,026,888**	**100.0**
December 31, 2021	90,000,000	100.0

At June 30, 2022, the carrying amount of shares held in treasury by EUROAPI was €0.2 million, breaking down as 17,200 shares representing 0.02% of the share capital.

5.9.2 Number of shares used to calculate earnings per share

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 effects of any diluting options.

5.9.3 *Other consolidated reserves*

- **Currency translation differences**

Cumulative currency translation differences amounted to a negative €14.2 million as of June 30, 2022.

- ***Share-based payments***

Share based payments have been accounted for in accordance with IFRS 2 (see Note B.19 to the 2019, 2020 and 2021 consolidated financial statements). The new plans implemented by the Group during the period 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 charge was recognized within administrative and general expenses in the consolidated income statements.

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, forfeited shares will be compensated in cash to employees by EUROAPI and reinvoiced to Sanofi:

– the cash compensation is equivalent to the number of forfeited shares multiplied by the average opening share price of Sanofi shares during the 20 days prior to the initial listing date;

– the cash compensation will be paid at the end of the vesting period, subject to continued employment in the EUROAPI Group at that date. This compensation of forfeited shares was measured at €4.7 million (including social charges) and will be recognized in the consolidated income statement over the remaining vesting period in accordance with IFRS 2 (a €0.5 million charge was recognized in first-half 2022). As regards reinvoicing to Sanofi, a €4.7 million receivable was recognized against equity within net contribution of Sanofi to the EUROAPI as of June 30, 2022.

For the period up until the date of the listing on Euronext, an expense of €0.7 million was recognized under the initial plans.

EUROAPI employee shareholding plan

On June 3, 2022, EUROAPI's Board of Directors approved a share ownership plan offering employees the opportunity to subscribe to reserved share issues at a discount to the reference market price and including up to 25 matching shares per employee. Discounts and shares awarded to EUROAPI employees under these plans fall within the scope of IFRS 2. The discount and the matching shares granted were recognized as an expense for €3.2 million (including social charges) in the consolidated income statement at the subscription date, based on the value of the shares and of the discount offered to employees.

EUROAPI free share plans

On June 3, 2022, EUROAPI's Board of Directors approved the grant of 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 the grant of free share plans respectively 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.
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 charge expensed during the period amounted to €1.1 million (including social charges).

EUROAPI performance share and stock option plans

On June 3, 2002 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 the grant of 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 charge expensed during the period amounted to €0.3 million (including social charges).

The principal features of the plans granted in May and June 2022 are set out below:

	Employee shareholding plan matching free shares	Employee free share plan	Special Management Incentive share plan	Executive Committee matching performance share plan (d)	CEO matching performance share plan	Performance share plan	Stock option plan
Date of Board meeting approving the plan	June 3, 2022 (b)	June 3, 2022	June 3, 2022	May 30, 2022	June 3, 2022	June 3, 2022	June 3, 2022
Total number of shares granted	55.6	1,007.5	122.3	461.2	181.2	216.3	467.0
Vesting period France	—	1 year	2 years	3 years	3 years	3 years	4 years
Vesting period International	—	2 years	2 years	3 years	—	3 years	4 years
Outstanding shares at June 30, 2022	55.6	1,007.5	122.3	461.2	181.2	216.3	467.0
Share price at grant date (a)	14.60	14.20	14.20	13.45	14.20	14.20	14.20
Fair value per share or option (c)	14.23	14.06	14.06	13.18	13.92	13.99	4.51
Fair value of plan at the grant date (in € millions)	**0.8**	**13.5**	**1.4**	**3.6**	**2.1**	**2.6**	**1.1**

(a) Quoted market price per share at the grant date.
(b) Employee shareholding plan approved by the Board of Directors on June 3, 2022, subscription closed to employees on June 24, 2022.

(c) 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.
(d) 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, thus remunerating the profitability for the shareholder, for 25%.

The total amount of Sanofi and EUROAPI share-based payments recognized as an expense in the consolidated income statement with a matching entry in equity amounted to €4.2 million (excluding social charges).

5.10. Lease liabilities

Lease liabilities comprise:

(in € millions)	June 30, 2022	December 31, 2021
Non-current lease liabilities	21.6	18.7
Current lease liabilities	4.4	4.0
Total Lease liabilities	**26.0**	**22.7**

A maturity analysis of lease liabilities as of June 30, 2022 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 year
Total lease liabilities as of June 30, 2022	26.0	4.4	7.2	3.7	10.7

5.11. Non-current provisions

The table below shows movements in non-current provisions:

(in € millions)	Provisions for environmental risks	Provisions for pensions and other post-employment benefits	Provisions for other long-term benefits	Restructuring provisions	Other provisions	Total
Balance at December 31, 2021	**47.8**	**90.8**	**25.0**	**0.2**	**31.2**	**195.0**
Increases in provisions	—	2.6	0.6	—	0.2	3.4
Provisions utilized	—	(0.1)	(0.2)	—	—	(0.3)
Reversals of surplus provisions	—	—	—	—	—	—
Transfers [a]	(7.7)	—	—	—	(0.9)	(8.6)
Net interest related to employee benefits, and unwinding of discount	—	0.4	0.1	—	—	0.5
Currency translation differences	(0.4)	(0.3)	—	—	—	(0.7)
Actuarial gains and losses on defined-benefit plans	—	(1.5)	—	—	—	(1.5)
Balance at June 30, 2022	**39.7**	**91.9**	**25.6**	**0.2**	**30.5**	**187.9**

(a) The €8.6 million decrease under "transfers" is attributable to the reclassification of the current portion of provisions to other current liabilities in first-half 2022.

5.11.1 Provision for environmental risks

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 expenses”.

5.11.2 Provisions for pensions and other post-employment benefits

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. Employee benefits are accounted for in accordance with IAS 19. The provisions for pensions and other post-employment benefits presented in the EUROAPI consolidated financial statements as of June 30, 2022 represent the rights vested in employees who directly contributed to EUROAPI activities, whether or not they were transferred to EUROAPI when the asset and liability transfer took place as part of the reorganization of its activities in 2021.

Pension obligations in the two principal countries represented approximately 95.3% of the total value of the defined-benefit obligation as of June 30, 2022. 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 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 represent all of the obligations in France.

Germany

Top-up defined-benefit pension plans
The benefits offered under this pension plan are wholly funded by the employer (there are no employee contributions) via a Contractual Trust Agreement (CTA), under which benefits are estimated on the basis of a career average salary. 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 reference to a range of vesting rates corresponding to salary bands. The plan also includes disability and death benefits, and represents approximately 42% 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 to a defined-contribution plan that is partially funded via the company’s CTA.
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. Currently, contributions cover the level of annuities. Only the portion relating to the future revaluation of the annuities is included in defined-benefit pension obligations.

The main assumptions used are described in Note D.10.1 to the 2019, 2020 and 2021 consolidated financial statements.

5.11.3 Restructuring provisions

The table below shows movements in restructuring provisions classified in current and non-current liabilities:

(in € millions)	June 30, 2022	December 31, 2021
Balance at beginning of period	**2.7**	**5.6**
Of which:		
· *Classified in non-current liabilities*	0.2	0.1
· *Classified in current liabilities*	2.5	5.6
Change in provisions recognized in profit or loss for the period	4.7	0.4
Provisions utilized	(1.0)	(3.5)
Currency translation differences	—	0.1
Balance at end of period	**6.3**	**2.7**
Of which :		
· *Classified in non-current liabilities*	0.2	0.2
· *Classified in current liabilities*	6.1	2.5

The timing of future reversals of provisions as of June 30, 2022 was as follows:

At June 30, 2022	Total	Benefit payments by period			
(in € millions)		Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Total provisions	**6.3**	**6.1**	**0.2**	**—**	**—**
-Germany	1.7	1.5	0.2	—	—
- United Kingdom	0.3	0.3	—	—	—
- Italy	3.8	3.8	—	—	—
- France	0.4	0.4	—	—	—

(a) Termination benefits represent 65.7% of the total restructuring provision.
(b) In first-half 2022, a new restructuring provision was recorded in Italy (see Note 3.2).

5.12. Trade payables

Trade payables break down as follows:

(in € millions)	June 30, 2022	December 31, 2021
Trade payables - third parties	146.7	119.1
Trade payables - related party	50.2	70.5
Carrying amount	**196.9**	**189.6**

5.13. Other current liabilities

Other current liabilities break down as follows:

(in € millions)	June 30, 2022	December 31, 2021
Customer contract liabilities	11.7	10.4
Current income tax liabilities	11.2	7.7
Taxes payable, other than corporate income taxes	2.5	6.2
Employee-related liabilities	68.0	50.8
Restructuring provisions	6.1	2.5
Amounts payable for acquisitions of non-current assets [(a)]	17.5	63.1
Other current liabilities [(b)]	28.9	51.0
Total	**145.9**	**191.7**

(a) The decrease in this item as of June 30, 2022 is mainly due to significant acquisition of software and IT infrastructure in 2021. As of December 31, 2021, this item included a €22.5 million debt to Sanofi.
(b) This line was previously split between "Other current liabilities" for €17.5 million and "Other payables - related parties" for €34.5 million in 2021, for a total of €51 million.
As of June 30, 2022, this line includes mainly the current portion of the provisions for €18.9 million.

5.14. Derivative financial instruments

The table below shows the fair value of derivative instruments as of June 30, 2022:

(in € millions)	Non-current assets	Current assets	Total assets	Non-curent liabilities	Current liabilities	Total liabilities	Market value at June 30, 2022 (net)	Market value at December 31, 2021 (net)
Currency derivatives								
Operating	—	0.1	0.1	—	0.1	0.1	—	
Financial	—	0.3	0.3	—	0.1	0.1	0.2	
Total	**—**	**0.4**	**0.4**	**—**	**0.2**	**0.2**	**0.2**	

CURRENCY DERIVATIVES USED TO MANAGE OPERATING RISK EXPOSURES

The table below shows operating currency hedging instruments in place as of June 30, 2022. The notional amount is translated into euros at the relevant closing exchange rate:

June 30, 2022 *(in € millions)*	Notional amount	Mark-to-market
Forward currency sales	11.2	(0.1)
Of which USD	11.2	(0.1)
Forward currency purchases	14.9	0.1
Of which USD	5.1	0.1
Of which GBP	4.3	—
Of which HUF	5.5	—
Total	**26.1**	**—**

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 June 30, 2022. The notional amount is translated into euros at the relevant closing exchange rate:

June 30, 2022 *(€ million)*	Notional amount	MtM
Forward currency sales	8.1	(0.1)
Of which GBP	3.5	—
Of which JPY	4.6	(0.1)
Forward currency purchases	34.3	0.3
Of which USD	12.0	0.2
Of which HUF	22.3	0.1
Total	**42.4**	**0.2**

5.15. Debt, cash and cash equivalents

Changes in financial position during the period were as follows:

(in € millions)	June 30, 2022	December 31, 2021
Long-term debt	—	—
Short-term debt and current portion of long-term debt	15.9	1.4
Interest rate and currency derivative used to manage debt	(0.2)	—
Total debt	**15.7**	**1.4**
Cash and cash equivalents	(35.9)	(10.3)
Net debt/(Net cash) [(a)]	**(20.2)**	**(8.9)**

(a) Net debt does not include lease liabilities, which amounted to €26 million as of June 30, 2022 and €22.8 million as of December 31, 2021.

“Net debt” is a financial indicator used by management and investors to measure EUROAPI’s overall net debt.

The table below shows an analysis of net debt by type:

	June 30, 2022			December 31, 2021		
(in € millions)	Non-current	Current	Total	Non-current	Current	Total
Bond issues	—	—	—	—	—	—
Other borrowings	—	10.0	10.0	—	—	—
Bank credit balances	—	5.9	5.9	—	1.4	1.4
Interest rate and currency derivative used to manage debt	—	(0.2)	(0.2)	—	—	—
Total debt	**—**	**15.7**	**15.7**	**—**	**1.4**	**1.4**
Cash and cash equivalents	—	(35.9)	(35.9)	—	(10.3)	(10.3)
Net debt/(Net cash)	**—**	**(20.2)**	**(20.2)**	**—**	**(8.9)**	**(8.9)**

Net debt includes an amount of €10 million drawn under the RCF Loan Agreement, recorded in other borrowings (see Note 9).

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 and will be calculated for the first time on the basis of the financial statements at December 31, 2022.

RCF loan issuance costs have been recognized in financial assets for an amount of €2.3 million and are amortized over the duration of this credit line.

NOTE 6. NOTES TO THE INCOME STATEMENTS

6.1. Personnel costs

Total personnel costs (other than termination benefits, presented in Note 6.4) include the following items:

(in € millions)	June 30, 2022	June 30, 2021
Salaries	(115.2)	(87.5)
Social security charges	(37.5)	(30.0)
Defined-contribution pension plans	(11.2)	(9.9)
Stock options and other share-based payment expense [a]	(5.7)	(0.9)
Other employee benefits	(6.5)	(8.0)
Total	**(176.1)**	**(136.4)**

(a) This amount includes social charges. See detail of EUROAPI share plans in Note 3.2

6.2. Other operating income

Other operating income amounted to €2.4 million in first-half 2022, comprising €2.2 million in indemnities receivable from Sanofi in respect of certain short-term employee benefit liabilities under the terms of the Master Carve-Out Agreement of October 1, 2021, and a foreign exchange gain on operating items for €0.2 million.

6.3. Other operating expenses

Other operating expenses totaled €0.2 million in first-half 2022 versus €2 million in first-half 2021.

In first-half 2021, other operating expenses mainly comprised €1.7 million in additions to provisions in respect of a commercial lease but unused.

6.4. Restructuring costs and similar items

Restructuring costs and similar items breaks down as follows:

(in € millions)	June 30, 2022	June 30, 2021
Employee-related expenses	(4.7)	—
Charges, gains or losses on assets	—	(0.1)
Other restructuring costs	(0.1)	(0.7)
Total	**(4.8)**	**(0.8)**

Restructuring costs in first-half 2022 represent employee-related expenses at the Brindisi site in Italy (see Note 3.2).

6.5. Other gains and losses, and litigation

No items were recorded within Other gains and losses, and litigation in the first half of 2022.

6.6. Financial income and expenses

An analysis of financial income and expenses is presented below:

(in € millions)	June 30, 2022	June 30, 2021
Cost of debt	(0.2)	(0.3)
Interest income	0.1	0.1
Cost of net debt	**(0.1)**	**(0.2)**
Non-operating foreign exchange gains/(losses)	(1.5)	—
Unwinding of discounting of provisions	—	—
Net interest cost related to employee benefits	(0.5)	(0.4)
Net interest expense on lease liabilities	(0.2)	(0.4)
Net financial income/(expense)	**(2.3)**	**(1.0)**
Of which financial expenses	(2.4)	**(1.1)**
Of which financial income	0.1	**0.1**

NOTE 7. TAXES

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.

The French legal entities (i.e., EUROAPI, EUROAPI France and Francopia) are not in a position to form a tax group in France in 2022, as they were held by Sanofi until EUROAPI's initial public offering on May 6, 2022. In addition, the Group's other legal entities are not in a position to form tax consolidation group in their respective jurisdictions.

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.

The table below shows the allocation of income tax expense between current and deferred taxes:

(in € millions)	June 30, 2022	June 30, 2021
Current taxes	(7.3)	(5.9)
Deferred taxes	0.2	4.9
Total	**(7.0)**	**(1.0)**
Income/(loss) before tax	**23.8**	**(0.1)**

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)	June 30, 2022
Income before taxes	23.8
Standard tax rate applicable in France	25.83 %
Theoretical tax expense	**(6.1)**
Impact of permanent differences	(0.9)
Research tax credit	—
Differences in tax rates	3.2
Impact of non-capitalized losses	(2.1)
Other	(1.1)
Effective tax expense	**(7.0)**

An analysis of the net deferred tax position is presented below:

(in € millions)	June 30, 2022	December 31, 2021 [(a)]
Deferred tax assets	48.6	48.8
Deferred tax liabilities	(5.7)	(5.6)
Net deferred tax asset/(liability)	**42.9**	**43.2**

(a) Amended to reflect the finalization of analyses relating to the Prior Reorganization Transactions carried out during 2021 (see Note 2).

The table below provides an analysis of the net deferred tax position by source:

(in € millions)	June 30, 2022	December 31, 2021 [(a)]
Deferred taxes on:		
Consolidation adjustments (intragroup margin in inventory)	(0.2)	0.8
Provision for pensions and other employee benefits	22.8	22.6
Accrued expenses and provisions deductible at the time of payment	11.9	8.3
Temporary differences on property, plant and equipment	2.9	(1.6)
Other	5.6	13.1
Net deferred tax asset/(liability)	**42.9**	**43.2**

(a) Amended to reflect the finalization of analyses relating to the Prior Reorganization Transactions carried out during 2021 (see Note 2).

As of June 30, 2022, unrecognized deferred tax assets, which mainly related to tax losses available for carry-forward, amounted to €3.3 million.

NOTE 8. SEGMENT INFORMATION

8.1 General information

General information on how segment information has been prepared is described in Note D.25.1 to the 2019, 2020 and 2021 consolidated financial statements.

8.2 Segment results

A reconciliation of "Core EBITDA" to Operating income/(loss) as of June 30, 2022 is shown below:

(in € millions)		June 30, 2022	June 30, 2021
Operating income/(loss) (EBIT)		**26.1**	**0.9**
(+)	Depreciation, amortization and impairment	34.7	33.3
Operating income/(loss) before depreciation, amortization and impairment (EBITDA)		**60.8**	**34.3**
(+)	Restructuring costs and similar items excluding depreciation, amortization and impairment	4.8	0.8
(+)	Increase in provisions for environmental risks, net of reversals of unused provisions	—	0.0
(+)	Other[(a)]	4.8	1.7
Core EBITDA		**70.3**	**36.7**

(a) "Other" for 2022 corresponds to the employee shareholding plan, free share plans and forfeited share expenses in connection with the loss of control of the Sanofi group and the initial listing of EUROAPI shares on Euronext as detailed in note 5.9.

8.3 Additional information

An analysis of net sales by category is provided below:

(In € million)	June 30, 2022	June 30, 2021
API solutions net sales	361.6	335.6
CDMO net sales	122.2	99.1
Total net sales	**483.8**	**434.7**

An analysis of net sales by product type is provided below:

(in € millions)	June 30, 2022	June 30, 2021
Large molecules	47.9	8.6
Highly potent molecules	47.1	52.8
Biochemistry molecules derived from fermentation	65.4	73.9
Complex chemical synthesis molecules	323.4	299.5
Total net sales	**483.8**	**434.7**

NOTE 9. RISK EXPOSURE

9.1. Foreign exchange risk

The EUROAPI Group operates 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, are centralized within EUROAPI's finance teams.

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

As its net debt is virtually nil, the EUROAPI Group has no exposure to interest rate risk.

9.3. Liquidity risk

EUROAPI had the following arrangement in place as of June 30, 2022 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 includes a covenant stipulating that the ratio of total net debt to consolidated core EBITDA may not exceed 4.00.

The EUROAPI Group has set up an internal cash pooling arrangement between the parent company and its subsidiaries to centralize the Group's liquidity.

NOTE 10. OTHER INFORMATION

10.1. Subsequent events

On July 21, 2022, 522,600 new ordinary shares, representing 0.56% of the share capital and voting rights, were issued by EUROAPI, directly and through the Company's French collective employee shareholding vehicle (FCPE), within the framework of the offer reserved for employees. The newly created shares will be entitled to full shareholder rights (voting rights and dividends) upon issuance.

At that same date, the share capital was increased by 522,600 shares, each with a par value of €1. Further to this increase, the share capital comprised 94,549,488 ordinary shares.

10.2. Off-balance sheet commitments

As part of the Prior Reorganization Transactions, several agreements were signed in 2021 and 2022 with Sanofi as described in Note 3.2 "Other significant information" of the 2022 Half-year Report and Note C "Principal agreements" of the 2019, 2020 and 2021 consolidated financial statements.

The principal commitments arising under those agreements are described below:

- Attainment of an annual net sales target of approximately €245 million from January 1, 2022 through 2026 (when the contract expires) from a specified list of active pharmaceutical ingredients under the terms of the Global Manufacturing and Supply Agreement signed on October 1, 2021 (see Note C to the 2019, 2020 and 2021 consolidated financial statements).

- Indemnification by Sanofi, capped at €15.0 million, for expenditures to be incurred on the "State of the Art" regulatory compliance review of certain EUROAPI active pharmaceutical ingredients (see Note C of the 2019, 2020 and 2021 consolidated financial statements).

- A €21 million guarantee from Sanofi to indemnify EUROAPI against any loss it may incur in respect of an obligation to indemnify BASF 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) (see Note C to the 2019, 2020 and 2021 consolidated financial statements).

- 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 Prior Reorganization Transactions (see Note C to the 2019, 2020 and 2021 consolidated financial statements).

- A €984 million commitment on the Price Volume Corridor clause and a €429 million commitment received on the Capacity Reservation clause, with Sanofi (see Note C to the 2019, 2020 and 2021 consolidated financial statements).

- A €4 million commitment received from Sanofi for costs incurred in connection with capital expenditure at EUROAPI Italy's facilities located in Brindisi (Italy) and pertaining to the repair of the sewerage network.

- The RCF Loan Agreement, drawable in euros, maturing on February 26, 2027, as described in Note 5.15:

At June 30, 2022 *(in € millions)*	**Initial amount**	**Drawn amount**	**Net amount**
RCF Loan	451.0	10.0	441.0

- EUROAPI has also received financial guarantees from banks for a total of €6.4 million.

As of June 30, 2022, off-balance sheet commitments relating to EUROAPI's operating activities (other than commitments arising from the agreements mentioned above) were as follows:

At June 30, 2022 *(in € millions)*	Total	Payments due by period			
		Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Leases	0.4	0.1	0.2	0.1	—
Irrevocable purchase commitments					
- given	133.6	92.0	26.9	14.8	—
- received	(71.5)	(71.3)	(0.1)	—	—
Total - net commitments given	**62.5**	**20.7**	**26.9**	**14.8**	**—**

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 arbitral proceedings are recorded in accordance with the principles described in Note 5.11.

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. However, given the inherent uncertainties related to these cases and involved in estimating contingent liabilities, EUROAPI cannot rule out that future decisions may have a material adverse effect on its net income.

As of June 30, 2022, EUROAPI was subject to two ongoing claims: (i) a commercial claim made during the year in Japan; and (ii) developments in employee-related litigation in Italy dating from June 2010, following notification of a civil claim for damages by the service-provider.

10.4. Related parties

The principal transactions between EUROAPI and Sanofi 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.

(in € millions)	June 30, 2022
Net sales and other revenues	248.7
Purchases and other expenses	(78.0)

(in € millions)	June 30, 2022	December 31, 2021
Trade receivables	110.3	127.6
Trade payables	(50.2)	(70.5)
Other non-current assets	13.4	9.6
Other current assets	15.2	30.6
Other current liabilities	(0.8)	(58.9)
Other current financial assets	—	10.9

10.5. List of the principal companies included in the scope of consolidation

For better understanding of comparative variation, please refer to section F2 of the 2019, 2020 and 2021 consolidated financial statements.

Principal fully consolidated companies.

The principal subsidiaries controlled by EUROAPI and making up the Group's scope of consolidation as of June 30, 2022 are listed below by region:

Europe		Interest (%) at June 30, 2022	Interest (%) at December 31, 2021
EUROAPI	France	100	100
EUROAPI France SAS	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
EUROAPI UK Ltd	United Kingdom	100	100

North America		Interest (%) at June 30, 2022	Interest (%) at December 31, 2021
EUROAPI US	United States	100	100

Asia		Interest (%) at June 30, 2022	Interest (%) at December 31, 2021
EUROAPI Japan G. K.	Japan	100	100
EUROAPI Shanghai	China	100	100

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

Period from January 1 to June 30, 2022

To the Shareholders,

In compliance with the assignment entrusted to us by decisions of the sole Shareholders and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying (condensed) half-yearly consolidated financial statements of Euroapi, for the period from January 1 to June 30, 2022,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris and Paris-La Défense, August 31, 2022

The Statutory Auditors
French original signed by

BDO Paris	ERNST & YOUNG Audit
Eric Picarle	Pierre Chassagne

STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT

"I hereby declare that, to the best of my knowledge, the condensed half-year consolidated financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of the entities included in the scope of consolidation, and that the attached half-year management report provides a fair view of the significant events of the first six months of the year, their impact on the half-year consolidated financial statements, the principal transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the year."

Paris, August 31, 2022

Karl ROTTHIER

Chief Executive Officer

euroAPI
Active Solutions for Health

French joint-stock company (Société anonyme) with a share capital of €94,026,888
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