EURONEXT CORPORATE SOLUTIONS

EUROAPI 2025 Full Year Results

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Operator: Ladies and gentlemen, welcome to the EUROAPI 2025 Full Year Results. The call will be structured in two parts. First, a presentation by the EUROAPI Group management team, represented by David Seignolle, CEO and Olivier Falut, CFO. Afterwards, there will be a Q&A session. During this session, you may ask question in two ways: by submitting a written question in the box below the player, or by joining the conference call and dial, pound key five, on your telephone keypad, to enter the queue.

I will now hand over to Sophie Palliez, Head of Financing, Treasury, and Shareholder Engagement. Madam, please go ahead.

Sophie Palliez: Thank you, Laura, and welcome, everybody. Before we start this presentation, we would like to emphasise that some of the information we will share with you today is looking forward and not historical. This information is based on projections and assumptions concerning EUROAPI's current and future strategy, future financial results, and the environment in which we operate.

These forward-looking statements and information do not constitute guarantees of future performances. They may be subject to certain risks and uncertainties, which are difficult to predict and generally outside the control of the Group, and could cause actual results, performances or achievements to differ materially from those described or suggested.

That said, let me give the floor to David Seignolle.

David Seignolle: Thank you, Sophie, and welcome everybody. Let me begin on page five with the key takeaways from 2025.

Our teams fought on all fronts to protect our market positions in an increasingly competitive environment, for example, on Vitamin B12, as mentioned here. It was also another year of declining API volumes from Sanofi. Fortunately, on the Sanofi side, this was partially offset by a strong commercial CMO activity, particularly in anti-infectives and skincare.

At the same time, we saw growth in sales of key APIs with other clients, such as opiates, etc., etc. While the topline was under pressure, we continued to make strong progress on everything that we can control. We sustainably reduced our external expenses and our personnel costs. We maintained strict working capital discipline with another year of improved inventory management. And we continued to invest selectively in CAPEX to prepare the company for future growth.

All of this reflects a real strengthening of our cost discipline across every function. Despite the headwinds, our transformation remains firmly on track. We have executed the initial phase of our plan on schedule in all the areas we control, some even earlier than planned. That includes our product portfolio rationalisation, our industrial footprint simplification, and our organisation and processes.

Taking a quick look at 2025 from a financial perspective on slide six. Net sales came in at €848 million, with Sanofi's sales down 26.4% but Other Clients up 9.7%, as reported. Our core EBITDA came in at €66.2 million, a 31% increase from 2024, with a core EBITDA margin of 7.8%. Our EBITDA was close to €10 million versus negative €44 million in 2024.

CAPEX stood at €77 million, with 55% of that allocated in growth and performance projects and supporting the company's return to back on track for a sustainable long-term growth trajectory.

Turning into slide seven. The challenges we faced this year did not weakened our commitment to sustainability. First, our near-term carbon emission reduction targets were validated by the SBTi. This is a strong confirmation that our trajectory is aligned with the Paris Agreement.

Looking at our 2025 emissions, we are already seeing meaningful progress. We have achieved half of our targeted reduction for Scope 1 and 2, and we have already exceeded our target on Scope 3. This is a major milestone for the company.

On diversity, given the current reorganisation underway, we have fell short of our 2025 target on diversity. However, it is important to keep a long-term perspective in mind, in 2023 and 2024, our diversity ratio increased and even exceeded our objectives. This underlying trend remains positive.

On safety, which is something a bit painful to me, but despite our continuous efforts, the injury rate remained stable in 2025. Most incidents were minor, often related to slips or falls. But that said, even one accident is one too many, and the accident prevention plan launched in 2025 will continue to be rolled out in 2026, with a stronger focus on root cause analysis and proactive prevention.

With that, I will now hand over to Olivier, who will walk you through our financials in more details and I'll come back later to look at the perspectives.

Olivier Falut: Thank you, David. We will start the review of the consolidated accounts with the evolution of net sales. Net Sales reached €848.2 million in 2025 versus €911.9 million in 2024, representing a decrease of 7%. The currency impact on net sales was almost nil.

The 1.2% perimeter impact is related to the Haverhill divestment. On a comparable basis, sales declined by 5.9%.

If we take a look at net sales per activity on page 10 now. API Solutions to Sanofi decreased by 34.2% due to: first, an unfavourable comparison base related to the stock clearance of Buserelin, which positively impacted 2024 sales by €21 million; and the decline of volume of Sevelamer in H1 2025 and the sale of Haverhill at the end of June 2025. Last, €50 million reallocation of Opella sales to Other Clients starting in May 2025 following the change in control of Opella. Excluding Opella, sales to Sanofi in 2025 compared to 2024 only would have decreased by 25.7%.

CDMO Sales to Sanofi decreased by 4.9%. Higher demand for Pristinamycin and PLLA commercial phase contracts was more than offset by the decrease in revenue from Phase 3 BTKi inhibitor project. API solutions to other customers increased by 18.6% since benefiting from: first, an active cross-selling strategy, then 31 additional new clients in 2025 which generated high-single-digit net sales in 2025. Last, the €50 million reallocation of Opella sales. Without this change, sales to other clients would have increased by 4.5%.

CDMO sales to other clients decreased by 13.6% as result of the downsizing and discontinuation of pre-carve out mature commercial contracts and the slowdown of early stage CDMO business.

Turning to the core EBITDA evolution on slide 11.

Core EBITDA reached €66.2 million in 2025. This represents a 7.8% margin, up from 5.5% in 2024. The evolution in core EBITDA margin was driven by the following elements: the stock clearance of Buserelin in '24 for €21 million, or minus 0.9 percentage points; volume impact for minus 1 point, which is primarily due to discontinuation of CDMO contracts; price and mix positively contributed by 1.3 points, a positive 0.3 points from discontinued products; industrial efficiencies led to an additional 1.2 percentage points of core EBITDA margin; energy and raw materials increased margin by 0.9 points; strengthened financial discipline and lower personnel costs in OPEX allowed to gain 1 points of core EBITDA margin. While Brindisi weighted 1.4 points to '25, and on the other hand, the divestment of Haverhill allowed to gain 0.6 points.

Total non-recurring items on page 12 now. Total non-recurring items restated from EBITDA stand at €56.3 million in '25. The vast majority of these exceptional items are directly related to the FOCUS-27 plan. We recorded €36.1 million euros in idle costs, which primarily concern the rationalisation of Frankfurt site.

We also recognised €6.6 million of internal and external costs related to the transformation of the company.

Finally, employee-related expenses, in part linked to redundancy plans, amounts to €13.7 million, which mainly concerned again Frankfurt and the divestment of Haverhill.

Looking now at items below EBITDA on slide 14. Operating income amounted to negative €130.6 million in 2025 compared with negative €120.4 million in 2024. Depreciation and amortisation remained broadly stable year-on-year. The increase of asset impairments to negative €77.8 million reflects the discontinuation of Vitamin B12 productivity project in Elbeuf following a reassessment of its economic potential, and a revision of growth assumptions to align with the latest market dynamics.

As we move below operating income now, net financial expenses improved €7.5 million in 2025 versus €19.1 million in 2024. This decrease reflects lower financial expenses following the implementation of the financing plan. The €72.9 million income tax expense includes the depreciation of tax assets following the update of growth assumptions.

Taken together, these items resulted in a net loss of €211.2 million compared to a €130.6 million loss in 2024.

Turning to working capital dynamics on slide 14 now. As part of our commitment to improve working capital, we have maintained the progress achieved on both months on hands and DSO since the implementation of FOCUS-27. Months on hand stood at seven in 2025 And DSO at 30 days.

CAPEX now on page 15. CAPEX reached €77 million in 2025, which represents 9% of total 2025 net sales. 55% of CAPEX was dedicated to growth and performance, mainly supporting the capacity increase and efficiency projects in Peptides and Oligonucleotides, Prostaglandins and Corticosteroids. 21% of CAPEX related to compliance. As a reminder, these investment address safety, quality and environmental topics and a significant share of them are mandatory. 24% of remaining CAPEX corresponded to maintenance of the existing asset base.

Moving now to slide 16, which covers the evolution of the net cash position. We ended 2025 with a net cash position of €68.2 million, compared with €24.6 million at the end of 2024. Cash flow from operating activities generated €128.5 million of the cash in 2025. This was mainly driven by working capital which contributed for €120.1 million. This improvement mainly reflects: further reduction in inventories totalling €38.9 million; decrease of trade receivables supported by factoring programme launched in March 2025; out of the €45.4 million reduction of receivables, €26.5 million was factored by year-end, with remaining decrease reflects enhanced cash collection.

Other current assets and liabilities include: €36 million paid by Sanofi to reserve a minimum available capacity for five selected products; €21 million up-front grant from the IPCEI programme; €6.5 million related to the monetisation of research tax credit in France. Including the €77 million of CAPEX that we reviewed in previous slide, free cash flow before financing activities stood at €51.5 million in 2025 compared to €15 million at the end of 2024.

Finally, cash from financing activities includes a cost of debt of €3 million in significant decrease following the debt for refinancing in 2024.

This concludes the review of the 2025 consolidated results. I will now hand it back to David.

David Seignolle: Thank you, Olivier. Before moving to full-year 2026 guidance, let me walk through the main operational and business drivers that will underpin sales, profitability and cash development for the year.

Net sales will be strongly impacted by the rationalisation of the API portfolio that we have engaged in two years ago. As we've said, the discontinued APIs accounted for around €70 million of 2025 sales, including €20 million related to stockpiling. Although the manufacturing of these API has been stopped, we still expect a residual €10 million to €15 million revenue from these products in 2026 as we continue sell through existing inventories. This means between €55 million and €60 million headwinds in 2026 that we decided upon.

The other impact are the continued decrease of sale to Sanofi and the further discontinuation of commercial CMO contracts.

Turning to profitability, the industrial efficiencies and additional OPEX savings we anticipate should be offset by unfavourable fixed cost absorption resulting from lower volumes. Our EBITDA will also be impacted by the restructuring costs that are foreseen in 2026. We will maintain a strong focus on working capital discipline, and the CAPEX-to-sales ratio is expected to be around 8% of sales.

All in all, on page 19, due the impact of our portfolio rationalisation, and considering the challenging business environment, we expect a decrease of around 10% in net sales in 2026, on a comparable basis. Our own decision to streamline our portfolio accounts for around 90% of that decrease. In this context, we will accelerate our transformation to protect profitability, and we expect to maintain the full year 2026 core EBITDA margin broadly in line with financial year 2025.

Moving to the next slide and an update on FOCUS-27.

On page 21, let me recall first what FOCUS-27 was fundamentally about. It was designed around four structural pillars to reshape EUROAPI into a more competitive, more profitable and more resilient company.

First, a streamlined API portfolio. We are concentrating on highly differentiated and profitable products, reducing exposure to commoditised segments where structural pressure is intensifying. Second, a focused CDMO offer, where we are leveraging recognised capabilities and strong technology platforms to position ourselves where complexity, reliability and regulatory excellence matter most.

Third, a rationalised industrial footprint and disciplined CAPEX. We are simplifying our manufacturing network and prioritising high-return investments and improving asset utilisation.

Fourth, organisational transformation. We are building a leaner, more agile company, aligned with our strategic priorities and able to compete in a faster-moving environment. These four pillars remain absolutely valid today.

On page 22, let's have a look at what has been delivered over the past two years. Despite a demanding environment, we have executed the core structural actions of FOCUS-27, and reinforced our fundamentals.

On the portfolio, 66% of sales in 2025 are now coming from differentiated products. This compares to 57% at the end of 2023, and we are on track to achieving our target of 70% by the end of 2027. The planned discontinuation of the low margin products was almost completed at the end of last year, which will impact our 2026 top line, as already said, according for 90% of our top line reduction.

Regarding the CDMO goals, 70% of the projects are late-stage, improving visibility and reducing risk.

On the industrial footprint, Haverhill has been divested, productivity has improved across all sites, one workshop in Frankfurt has been mothballed, and 380 positions have been reduced across the company, ahead of our original plan. On the organisation and cost base, key functions have been reorganised, R&D has been refocused, and close to €20 million of OPEX savings have been delivered over the past two years. Overall, EUROAPI today is leaner and more disciplined organisation than it was in 2023.

Moving to page 23. Capital discipline has also been a key priority under FOCUS-27. This is clearly reflected in our CAPEX trajectory. Investments decreased from €137 million in 2023 to €108 million in ’24, and to €77 million in ’25. And I’ve even mentioned that we will be close to 8% for 2026 from CAPEX-to-sales ratio starting at 14% back in 2023. This reflects a deliberate shift toward stricter prioritisation, higher return of projects, and certainly, better care and discipline around CAPEX expenses.

We have continued to invest in strategic platforms such as Peptides and Oligonucleotides and in high-barrier APIs like prostaglandins and corticosteroids. At the same time, we took the disciplined decision to discontinue the Vitamin B12 capacity project following market deterioration and technical constraints.

Moving to slide 24. Let me briefly step back at where we are on our key KPIs for FOCUS-27.

Since 2024, we have incurred €44 million of transformation and restructuring costs, ahead of the 25% originally mentioned for those two years. This reflects the fact that the project or the restructuring programme is ahead of schedule, but this doesn’t change the total expected envelope of €110 million to €120 million, although we will do every effort to limit that.

On incremental core EBITDA, we had initially targeted €75 million to €80 million incremental by 2027 compared to 2024. However, with ’26 and 2027 net sales now expected to be below initial assumptions, additional underactivity is anticipated. As a result, this incremental core EBITDA target will not be achieved in 2027.

On CAPEX, €185 million has been invested over 2024 and 2025 against an initial €350 million to €400 million envelope for '24 to '27. Although, we maintain this envelope, we will be looking for all opportunities to either limit our CAPEX to projects offering the highest returns and reinforcing competitiveness, or optimising the CAPEX expenses.

Let me be clear. This is not about slowing down, it is about allocating capital where the returns are sustainable and defensible.

Turning to slide 25. As we have just discussed, FOCUS-27 and the transformation of the company are on track. However, over the past year, the business environment has evolved faster than initially anticipated.

Competition from low-cost Asian players has intensified, increasing price pressure in mature APIs. At the same time, we're also seeing large pharmaceutical companies are outsourcing more late-stage and complex projects. This creates opportunities, but competition is obviously selective and execution must be precise.

Sovereignty initiatives are promising. They have not yet translated into tangible economic incentives at this stage, but we are working or helping towards this evolving. In addition to this external environment, it is fair to say that we also faced internal challenges with the early stage CDMO roadmap progressing at a slower pace than anticipated, and the discontinuation of the Vitamin B12 project. This is the context in which we are accelerating and sharpening the execution of FOCUS-27 and launching new initiatives.

Moving to slide 26. On the portfolio side, we will further reduce our exposure to commoditised API, structurally pressured small molecules and concentrate our resources on high-barrier segments such as prostaglandins, corticosteroids and opiates. On these three segments, we have solid competitive advantage that we will leverage, including further innovation programmes that we have mentioned before. This includes technology edge and strong market positions in prostaglandins, as well as strong expertise and flexible capacities in corticosteroids and opiates.

On operations, we'll continue improving operational performance, standardising and improving our processes, for example, through leveraging technology. We will also strengthen the commercial CMO business. We can offer a reliable and sovereign manufacturing to customers looking for derisking their API supply chain. This will help to securing volumes and improve capacity utilisation on our site.

On the organisation front, we will further streamline structures, simplify processes and align skills and capabilities with a more demanding environment. We have done a lot since the launch of the plan, but we see further opportunities to improve our operating model towards a fit-for-purpose and leaner organisation.

In parallel, we are launching additional initiatives. First, we will enhance commercial excellence and expand our API customer base in under-leveraged territories. Let me give two examples. North America, which is the largest and the fastest growing API market worldwide accounted for only 8% of total our total sales in 2025.

If we go south to Latin America, we only serve 10% of the top drug product players over there. Second, we will refocus the CDMO business on strategic customers and/or complex molecules, notably P&O, Peptides and Oligonucleotides. This means we'll stop diluting our commercial efforts and concentrate on strategic customers and projects that we can succeed upon and increase focus on complex molecules projects, for example, on high added-value peptides and oligonucleotides projects, including RNA therapies.

Third, we will optimise our supply chain to structurally reduce our costs while maintaining end-to-end control. This is one very important way to increase competitiveness and adapt to the current environment.

Our objective is obviously to adapt the operating model to a structurally tougher market and restore a sustainable path to profitable growth.

Moving to our long-term ambition as a conclusion. While we recognise that the recovery is taking longer than initially anticipated, reflecting structural evolution of the market, we are taking the necessary actions to build a more competitive, sustainable and financially resilient operating model.

Looking towards the near future, our positioning is clear. We aim to be a European-based sovereign supplier of complex APIs, a reliable CMO partner, and a trusted CDMO player for new drug development. At the same time, this positioning must be supported by a sustainable operating model, with a cost-competitive supply chain, a lean and capital-efficient industrial footprint, and obviously an agile organisation.

Our long-term strategy is anchored in discipline and certainly value creation. This is where our focus is now in the interest of all our stakeholders. Thank you for your attention, and we are now ready to answer your questions.

Questions and Answers

Operator: If you wish to ask a question, you may do so by submitting a written question in the box below the player or by joining the conference call and dial pound key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound key six on your telephone keypad. We have a first question from Clément Bassat for Portzamparc. Please go ahead.

Clément Bassat (Portzamparc Groupe BNP Paribas): Hello. Good morning. Thank you for taking my questions. Basically, I have four. The first one about the top line. So what is your 2025 base top line? I assume it is your published figure, minus €70 million from discontinued API, which leads to €778 million. And this would imply a top line '26 of €700 million following your expected 10% decrease in top line, just to confirm if I am correct.

Second question. So regarding the €78 million impairment on Vitamin B12. Does this include a portion of the CAPEX invested from the current FOCUS-27 plan? And are you considering further impairment in 2026 following the discontinuation of the other API?

Third question. Just to confirm, you are maintaining restructuring costs at €100 million. This is only cash related, spread through 2027.

And finally, your CAPEX was limited to €77 million in 2025. So this decrease is a decision to preserve cash or just to adjust to your expected future top line? Thank you.

David Seignolle: Thank you, Clément, for all the questions. I may ask you to repeat some at some point, just to be precise. But let me start with answering and maybe Olivier will step in at some of those.

So the top line assumptions that you have made, if I followed, I think, are not the way we think about those. There is no such comparable basis at €778 million, which you mentioned, removing 10% of that getting to €700 million. What we are looking is around 10% versus comparable basis, which you would only reduce the sales of Haverhill in 2025. So you can make the math. I don't want to make it for you. We have not mentioned any specific numbers, but we are not seeing such a drastic drop as you calculated.

I'll come back to the B12 impairment question. Yes, the investment of B12 was part of the €350 million to €400 million total envelope. Most of these investments on B12 were made in '24 and '25, some even earlier to that period. So the impairments are related to that.

There is no such plan to further impairment in 2026. There has just been the adjustment of these impairments plus the impairment we did on the terminal value of the company. And there is no such thing to do anything else.

I wasn't clear on the restructuring. I'll leave you to come back to it afterwards.

And finally, the CAPEX of €77 million in 2025. I think it's a bit of both. I think the company has been used to spending far too much money on CAPEX in the past, probably referring back to the time that we were a large pharma company where the cash was not a problem. I think over the last couple of years, we have learned to be more disciplined with spending cash, spending CAPEX, looking at different ways to fix problem than to invest in new equipment, maybe in some cases, reutilising elements or not looking for the gold-plated solutions, but more the practical solution that a CDMO or CMO organisation needs and not a large pharma.

So there is no such thing to say that we want to limit to the further growth. I think we're still committed to investing significantly in the future. And for that, we have a couple of projects such as IPCEI or the morphine project, where we are looking at new ways of manufacturing the morphine and all of these projects being either funded by or partially funded by France Relance or France 2030 and the IPCEI programme. There will be significant investments, but that will come at the right time.

All in all, we need to look at a sub €800 million revenue company should not be spending €100-plus million on a yearly basis.

Yes, Clément, can you go back to the question number three on the restructuring, please?

Clément Bassat: Yes. You are maintaining restructuring cost of €100 million, but I have in mind that restructuring costs are composed with cash and idle costs. So the €100 million for me, I understand this is only cash-related expected in 2026, 2027 and maybe also 2028. Just to confirm, you are talking just about cash-related amounts.

David Seignolle: Yes. So the last part of your sentence is correct. It's talking about cash amounts. And it's only covering '26 and '27. We are, obviously, as I said, have different views on the top line for 2026 and 2027 at this stage than was originally anticipated. And as a result, if we need to adapt the organisation to those new levels, we will have to do. But there will be a time to engage in those discussions if they need to happen. Thank you, Clément.

Clément Bassat: All right. Very clear. Thank you very much, David.

Operator: Now we have a question from Zain Ebrahim from JP Morgan. Please go ahead.

Zain Ebrahim (JP Morgan): Zain Ebrahim from JP Morgan. Thanks for taking my questions. So my first question is just in terms of the China API increased competition that you're seeing. It sounds like Vitamin B12 is a key segment where you're seeing that competition, maybe anti-infectives as well. But can you talk through which divisions or product categories you're seeing that competition in? And how much of the headwind you're expecting in 2026 is due to price reduction on those product categories versus volume lost to some of the extra competition? That's my first question. Maybe I'll pause there and then I can ask my follow-up.

David Seignolle: All right. Thank you. So look, unfortunately, this is a strong industry as we see or that China has entered into a strong industry-wide programme, and we see that across various industries and it's valid in ours, and they are looking at every single product.

The reality is we have the small commodity products that are very much impacted because in this specific case, not only they are benefiting from large volumes from very low cost of labour, low energy costs, significant new equipment with, I mean, state-of-the-art, etc., etc., plus in some cases, subsidies by the government.

So in those cases, it's quite difficult to compete. Yet for whomever wants to supply and to get materials from Europe, we will maintain, and we have some of these customers.

Now, I believe the trajectory over the next couple of years on those type of products is going to continue to decrease, and we will have to fight back and to provide answers in the cases we can.

For the specific categories, I think it's all over the board. The reality, though, is we have quite a strong value proposition on the typical strength category of products that we have in the company. Prostaglandin, we are the global leader in prostaglandin by either the number of products that we look, by the experience and history that we have and the quality of our products, and we aim to maintain that. We are actually reinforcing this offering by looking at different further improvements or innovation projects on site. We have launched, as you know, a strong capacity increase to support the growth in the future, and we continue to accelerate down this path.

The second element to that would be the opiates, where not only we benefit from a somehow protected market with all those morphine and derivative products, but we are working towards significant innovation projects in the future, as mentioned before, and these are benefiting not only for subsidies, but will be supported from our side, from CAPEX investment to increase in the future. We don't necessarily foresee challenge on the price on that specific category either.

And then finally, the corticosteroids. I think the corticosteroid is maybe a little bit of a different animal. There is a lot of players in the world. We are the only one, except with one other site in the US, which is fully integrated from A to Z of manufacturing of corticosteroids outside China. This is a strength, especially when we talk about sovereignty. We have discussed about sovereignty through COVID and challenges. We see sovereignty through shelf nowadays. We see some geopolitical issues now, which may endanger some logistic routes further in the next couple of weeks and months.

So we still believe that this is not going to be simplified in the future and our sovereign solution will be helpful. That being said for corticosteroid, yes, we are challenged on price. Yes, we will probably do some efforts because we have significant projects to innovate and to improve our value proposition to cut costs significantly through new chemical routes in the future. That is what actually work package two of IPCEI is about, and that's a strong avenue for us to reinforce our value proposition in the future.

I can't just further comment on the impact of volume or price related to our 2026 earnings. You had a follow-up?

Zain Ebrahim: That's very helpful. Yeah, my follow-up was on the discontinuation of APIs is helpful in terms of the quantification of the headwind to '26 sales. So should we expect any further discontinuations in addition to what you've already planned? It was 13 API before, I believe. So just any further discontinuations, given the portfolio prioritisation that you're undertaking? And can we expect to return to sales growth? It sounds like obviously '26, you've given guidance. For '27, you said it's below expectations, but when can we expect to see that?

David Seignolle: Yes. So that's a couple of questions. Let me just get them in order. So are we expecting further discontinuation of products? No. The answer is no. Now this being said, you never know what's going to happen. I think it's healthy for any company to look at their portfolio regularly. At this stage, we have not decided to further prune our portfolio.

Actually, we are looking at growing that, and that's part of our additional activities for commercial that we mentioned. We are looking to new geographies. We are looking to seeing if we can have additional offerings and how we would progress on that specific front.

When are we expecting to grow was the second part of your question? Well, the earlier, the better, obviously. What we are seeing for 2026 is still some reduction, as we mentioned. I just want to come back to the fact that 2025 saw a significant reduction in Sanofi's sales. But we just mentioned we gained 31 new clients and the sales to other clients and Sanofi was up close to 10%.

So it's definitely a way forward that while we want to maintain some level of Sanofi, we know that the inherent share of the Sanofi business for the future is to reduce. On that specific front because maybe the question is going to come and I can anticipate it, you know we have an MSA up until 2027 that we are working towards extending. We have already five products that are extended until 2032. One specific with Opella now until 2031, and we are working towards concluding the terms of the extension of the other products beyond 2027.

So whilst our focus is to manage the reduction of Sanofi over time, we are heavily focused on selling to other clients, cross-selling, acquiring new, etc., etc. The first elements of the strategic move we did last year with merging the two organisations commercial into one and led by an expert in commercial operations in the CDMO and CMO space in our industry with the arrival of Frédéric Robert in our organisation is proving us right.

The problem is, as you very well know, it takes time to bring new clients in and register those. So I would hope to see a continuous momentum into acquiring new clients and new sales into '26 and 2027.

Zain Ebrahim: Very clear. Thanks very much.

Operator: As a reminder, if you wish to ask a question, you may do so by submitting a written question in the box below the player or by joining the conference call and dial pound key five on your telephone keypad to enter the queue.

Sophie Palliez: Maybe we can move to the questions that we have from the website. There's a bunch of them. So I'm going to try to summarise them by key subjects. The first subject is about the CDMO business. Our analysis of the reasons of the slowdown of the pace versus what initially expected. And maybe what type of future we see in the CDMO business and how we managed to recover specifically growth in that field? So CDMO.

David Seignolle: All right. So the CDMO, as I think mentioned earlier, is indeed lower than anticipated, definitely not at the level where the equity story of the IPO was at. I think what we've learned over the last couple of years is, one, we need to be focused. We can't enter 250, 300 RFPs every year with the organisation we have, with the resources we have, the sites and R&D labs that we have because that prevents providing the right attention to the clients, to the requests, the RFPs, understanding the exact needs, etc., etc. So that's why we decided to be a lot more focused into either not the very, very early preclinical stage and to specific areas in which we know we have a competitive advantage.

We have two main R&D labs that support the CDMO, one in Frankfurt, which has very strong expertise on the P&O side and in Budapest, which can very much work on complex small molecules, such as the prostaglandin and others. In fact, we are still working with providing very complex and strategic projects for the future, such as, for example, developing the backbone of any future development of a large American big pharma. That's the first learning.

The second learning we had is, it's a lot more complicated than one would think to get into the CDMO world. CDMO world and the clients know that you get into a lot more questions that you need to answer around what kind of raw material will I be using? What kind of processes will I develop? How can I scale up? What will be the implication and the challenges that I will see.

Navigating in all this ambiguity hand-in-hand with the customer is not something that this organisation was used to in the past with working with one internal client only, which was Sanofi at the time. So all of this takes time to build the capabilities. And I believe we are doing the right things. We are bringing the right talent, and we are working more hand-in-hand with the customers across all of this.

For the future, what we see? Well, we see continuous, let's say, difficulty to navigate in this space because there are a lot of players. There are a lot of actually even Asian players that are coming in with different, let's say, approach to the business than European have. However, there is still place for all of us to work to provide local manufacturing, local scale-up with the right expertise and certainly proximity to the customers.

The key point is we will also be thinking CDMO and CMO very much differently. The CDMO is everything that I said, working very much in research and development, aligned or accompanying the customer through this journey of their own development. While CMO is a very simple tech transfer, smooth tech transfer type of approach with a reliable supply chain of existing commercial products.

Those CDMO and CMO, as we want to differentiate, require a different set of skills. Different set of skills, either by our commercial and customer facing individuals, and also on the site with very lean and effective and efficient, certainly operations on the ground.

And as a result, we will approach those two businesses very differently moving forward to be able to answer our customers.

Sophie Palliez: One question is about core EBITDA in '25, which improved significantly despite revenue declining. How much of the improvement is structural versus temporary cost savings?

Olivier Falut: I guess on this area, the answer is quite simple. In terms of cost savings and improvement of the organisation and the model, pretty much everything is sustainable. We improved the structure in terms of industrial footprint. We improved the model in terms of organisation, in terms of SG&A. The R&D have been also redesigned. So I would answer clearly that the whole is sustainable, provided, that, as I comment before, there is one-offs that are not sustainable, obviously, like the Buserelin issue, meaning impact of 2024. But for the rest, it's pretty much sustainable.

David Seignolle: Those €20 million of OPEX that we have mentioned are definitely here to stay and will remain as is. This is part of a new structure, a new baseline of our costs and everything that is being done at the site or in procurement and etc., will continue to bring efficiencies on a yearly basis.

Sophie Palliez: Question on Asian imports. How can you compete against Asian imports? And what do you think you have a sustainable edge to compete against those Asian imports?

David Seignolle: How we can compete? Where and how, I guess, was the question, right? The key point is, we will not be able to compete on everything. And as customers just want price, I think it will be difficult, just on that pure front. This being said, difficult doesn't mean impossible. And as I mentioned earlier, we have a significant amount of our portfolio that is today still very much competitive and for which we have further innovation programme to reinforce this competitiveness in the future, which will either allow us to increase commercial margins or to provide more competitive offerings to our customers.

The second part of the question was.

Sophie Palliez: What are our competitive edges in decisioning?

David Seignolle: So that I mentioned. And then I think the second element is the fact that we are based in Europe. And as I mentioned, I think a lot of customers want reliable supply. Our reliable supply, our very China-independent supply chain, even for raw materials is actually today the only one available in Europe, let's face it.

So for whomever customer in Europe or in the US that want risk-free supply chain, China-independent supply, well, we are here available. This being said, I think on all those customers that want pure pricing, not really caring either about ESG or pricing, that's where I think we need to look at things maybe a bit differently. And that's what is mentioned in the cost of our supply chain improvements that we want to do in the future.

It could very well be that buying some raw materials or intermediates in a lower-cost country could be coming handy for us, not by depleting our sites, but by able to reduce the pricing that we will, in turn, be able to offer to our customers, increasing those volumes and actually, at the end, probably having higher volumes in this specific site that is manufacturing the API than we used to have.

So I think we need to be able to play on both levels. One is top-notch player of premium quality APIs. Two, being a European source, sovereign source to China independent supply or sovereign supply. And three, for those customers that want price, let's play here as well.

Sophie Palliez: What is the current level of capacity utilisation across your main API sites? And what level could you consider as normalised for the business? And do you have an objective in the mid-term?

David Seignolle: So look, on the capacity utilisation, I don't think we comment on that, but we would expect around, let's say, ballpark half of our capacity, a bit more half of our capacity being utilised at this stage. There is no surprise to any of you, if I say that in the chemical industry in Europe, given the cost structure and everything. All my peers, let's say, would agree that 75% to 80% utilisation is a minimum to have sustainable long-term perspective.

In our situation, we know that, at this stage, given the elements of underutilisation that we have, which hurts or will hurt or which at least offsets all the efficiencies we are bringing from a cost standpoint, any additional volume that will fill up this available capacity will not only generate commercial margin, but also reduce those underutilisation that hit our P&L.

So we are working on that. And I think that's why we are discussing very heavily now, how do we increase our offering in terms of portfolio, how do we augment that and how do we play more on the CMO or European-made CMO type of market because I think that can be win-win for both customers and ourselves.

Sophie Palliez: Thank you. So do we have any questions online?

Operator: We do not have any more questions online.

Sophie Palliez: Okay. So maybe one last to conclude from the webcast. If you had to prioritise one key execution risk that could derail the execution of the plan, what would it be?

David Seignolle: I think the key point today is we need to have everyone on the top line. We have proven over the last two years that whatever we can control, we can simply deliver. And the teams have done an outstanding job across sites, across organisation in the last two years to actually prove that. And that's why despite the whole headwinds we've seen, our core EBITDA has increased significantly between '24 to '25 and that we landed 2025 with actually a positive EBITDA.

And those, as we said, are sustainable measures that will keep yielding results in the future, and we expect further actually on that.

Now we need the whole organisation to be working top line. And what I mean the whole organisation is we need to be able to support our commercial folks that go and talk to customers on a daily basis. We need to provide them with high-quality materials with a competitive value proposition. We need to equip them with top-notch products, maybe provide them more products, provide with the right CMO value proposition, CDMO and R&D expertise.

And definitely, when they need support and when they are able to seize clients, we need to be 100% on time, delivering against customer expectations. So I think the key point here is restoring growth will come by having a full organisation focused on growth in the future to support the commercial folks delivering on that ambition.

Sophie Palliez: Thank you. So I think if there's no more question online, this will end our webcast today. Thank you for your attendance. Thank you for the questions. And as usual, the Investor Relations team and the management remains at your disposal, should you have any follow-up questions. Thank you, and have a good day.

[END OF TRANSCRIPT]