

EUROAPI is moving ahead with its FOCUS-27 plan, setting the foundations for future profitable growth¹

- Agreement with Sanofi on a 200 M€ investment through a Perpetual Subordinated Hybrid Bond, upon the completion of the ongoing discussions to amend and extend the current Revolving Credit Facility
- 75 to 80 M€ annual run-rate incremental Core EBITDA targeted by the end of 2027, driven by the end of higher value API and CDMO offering, a streamlined industrial footprint, and significant cost reductions
- Brindisi site expected to progressively resume shipments and production during Q3 2024

“FOCUS-27 is leading EUROAPI to a more agile, value-added, and rightsized business model. It will significantly improve the company’s competitiveness and set the stage for long-term sustainable, profitable growth,” says Ludwig de Mot, Chief Executive Officer. “The significant progress made toward its financing is a key milestone. With the support of our main shareholder, our customers’ confidence, and our team members’ dedication, we will increase efficiency by optimizing our organization, focusing on our company’s core assets to fulfill our mission and reinvent active-ingredient solutions to meet clients’ and patients’ needs around the world.”

Operational roadmap

- **75 to 80 M€ annual run-rate incremental Core EBITDA** targeted by the end of 2027²
- **350 to 400 M€ CAPEX plan**, including increased capacities for Large Molecules, Vitamin B12, Prostaglandins, and Opiates
- **Divestment of Haverhill and Brindisi manufacturing sites** planned before the end of 2027
- **Restructuring costs** estimated in the range of 110-120 M€ between 2024 and 2027³

Short and long-term financing

- Advanced discussions with the banks to amend the terms and extend the duration of the **451 M€ Revolving Credit Facility**
- **Sanofi to invest in a 200 M€ Perpetual Subordinated Hybrid Bond** upon the completion of the discussions on the Revolving Credit Facility
- **Agreement in principle with Sanofi** to reserve minimum available capacities for selected products manufactured by EUROAPI through a **54 M€ payment over the plan**
- **Ambition to improve working capital by approximately 140 M€** between 2024 and 2027, mainly driven by reduced inventories

Full-year 2024 outlook updated to include the impact of the temporary suspension of production in Brindisi (see underlying assumptions on page 3)

- Between 8% and 11% decrease in 2024 Net Sales compared to 2023 on a comparable basis. The second half performance should exceed that of the first half due to phasing impacts
- Between 4% and 7% Core EBITDA margin

¹ Operating margins

² Compared to 2024 current estimates

³ Excluding the potential costs of Haverhill and Brindisi divestitures (estimated as of today), which are embedded in the current financing of the plan

Paris – 26 June 2024 – EUROAPI today announces that it has reached an agreement with Sanofi regarding the funding of FOCUS-27 upon the completion of the ongoing discussions with its banks to amend and extend the current Revolving Credit Facility. In addition, following the decision to progressively restart product shipments and production of APIs in Brindisi, the company provides revised full-year 2024 guidance.

Operational roadmap

Revealed in February 2024 following a comprehensive analysis of the company's operational strengths and weaknesses, FOCUS-27 is a 4-year plan that aims to improve competitiveness and unlock sustainable and profitable growth by refocusing on high-value and growing market segments.

It is built on four pillars:

- A **streamlined value-added portfolio** focused on highly differentiated profitable APIs, particularly Peptides and Oligonucleotides, Prostaglandins, Corticosteroids, Hormones, Vitamin B12, and Opiates. Thirteen APIs will be discontinued in 2026 and 2027. These APIs accounted for approximately 80 million euros in net sales and weighted approximately - 15 million euros on gross margin in 2023. **The share of highly differentiated APIs should reach more than 70% of EUROAPI sales in 2027, compared to 57% in 2023.**
- A **CDMO offer focused on late-stage and high-value** complex small molecules and tides supported by unique technological platforms. CDMO should represent approximately more than **1/3 of net sales by 2027.**
- A rationalized industrial footprint with **four production sites**
 - Elbeuf, a unique bio-fermentation platform (Vitamin B12 and anti-infectives)
 - Vertolaye, a multi-purpose site with innovative Corticosteroids, Opiates and Hormones capabilities
 - Budapest, focused on highly potent APIs (Prostaglandins)
 - Frankfurt, right-sized and centered on large molecules (including Peptides and Oligonucleotides).

The footprint rationalization will increase the capacity utilization rate from a current average of 60% to around 80% over the period, which aligns with industry standards. **Haverhill (UK) and Brindisi (Italy) manufacturing sites are planned to be divested** before the end of the plan. The group has already received expressions of interest. The potential costs of these divestitures, estimated as of today, are embedded in the current financing of the plan.

EUROAPI plans to invest 350 to 400 M€ in CAPEX throughout the plan to pave the way for future growth. These CAPEX will be focused on strategic initiatives, including

- increased capacities for Large Molecules in Frankfurt, for Vitamin B12 in Elbeuf and for Prostaglandins in Budapest
- new capabilities for Corticosteroids, Hormones, and Opiates in Vertolaye
- a steam generation biomass boiler in Elbeuf to reduce CO₂ emissions and achieve EUROAPI's 2030 decarbonation plan

Approximately **59% of total CAPEX will be dedicated to growth or performance.**

- **A streamlined organization** supporting a more efficient and leaner operating model. This organizational transformation will reduce approximately 550 headcounts⁴ across all functions by 2027⁵. The company will actively and responsibly support its employees during this transformation.

FOCUS-27 targets to generate 75 to 80 M€ annual run rate incremental Core EBITDA by the end of 2027⁶, driven by the optimization of the product portfolio, increased industrial efficiency, and cost-cutting. **Restructuring costs are estimated in the range of 110 to 120 M€ between 2024 and 2027**

⁴ This excludes Brindisi and Haverhill sites that are planned to be divested by the end of the plan

⁵ Subject to information and consultation processes with employee representatives. Total headcount at the end of 2023: 3,650 (FTE)

⁶ Compared to 2024 current estimates

(excluding the potential costs related to the divestment of Haverhill and Brindisi, estimated as of today, which are embedded in the current financing of the plan).

Short and long-term financing

The implementation of FOCUS-27 will be funded by a combination of financial resources.

- With the support of the company's *mandataire ad hoc*, EUROAPI is in advanced discussions with its banks to amend the terms and extend the duration of the 451 M€ Revolving Credit Facility signed in 2022⁷.
- **Upon the completion of these discussions, Sanofi has agreed to support the financing of FOCUS-27 through a 200 M€ Perpetual Subordinated Hybrid Bond.** On any interest payment date, and subject to certain conditions, EUROAPI may decide to defer the interest payment related to this bond. This non-dilutive hybrid instrument will be classified as “Equity” in the consolidated financial statements.
- To support the successful execution of FOCUS-27, **Sanofi also agreed in principle to reserve minimum available capacities** for selected products manufactured by EUROAPI through a **54 M€** payment over the plan.
- In addition to enhanced operational efficiency, FOCUS-27 will be bolstered by stringent cash flow management, including reduced inventories. **Between 2024 and 2027, total Working Capital should improve by approximately 140 M€.**

The Brindisi site is expected to progressively resume shipments and production during Q3 2024

The investigations launched at the company's initiative confirmed the existence of malpractices at the local level. Following the effective and reliable remediation plan deployed by the site and the results of the Italian Health Authorities' (AIFA) site inspection, **we expect to gradually resume API shipments and production during the third quarter of 2024.**

Full-year 2024 outlook updated to include the impact of the temporary suspension of production in Brindisi

As we continue to focus on putting the company back on track toward sustainable and profitable growth, we now expect:

- Between 8% and 11% decrease in 2024 Net Sales compared to 2023 on a comparable basis. The second-half performance should exceed that of the first half due to phasing impacts.
- Between 4% and 7% Core EBITDA margin.

This outlook has been built on the following assumptions:

- **Net Sales** will be negatively impacted by the downsizing of two large CMO contracts, the strong decrease in sales to Sanofi, and the impact of the temporary suspension of production in Brindisi. The second half performance should exceed that of the first half due to phasing impact of the CDMO activity.
- **Overall profitability** will be impacted by the company's transformation and early restructuring costs, including industrial under-activity resulting from the execution of the FOCUS-27 project. The Core EBITDA margin estimates include the impact of the suspension of API production in Brindisi.

⁷ The RCF was fully drawn at the end of May 2024, with a 49% utilization rate. Net Debt was in line with the company's business plan

- **Focusing on Cash**, we expect an improvement in Working Capital driven by a significant reduction in inventories, mainly in the second half.

EUROAPI's management will hold a live audio webcast today at 7:15 p.m. CET. The presentation will be available on the corporate website (https://channel.royalcast.com/landingpage/euroapi-eng/20240626_1/)

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Financial Calendar (to be confirmed)

- July 30th, 2024 (after market closing): H1 2024 Results

About EUROAPI

EUROAPI is focused on reinventing active ingredient solutions to sustainably meet customers' and patients' needs around the world. We are a leading player in active pharmaceutical ingredients with approximately 200 products in our portfolio, offering a large span of technologies while developing innovative molecules through our Contract Development and Manufacturing Organization (CDMO) activities.

Taking action for health by enabling access to essential therapies inspires our 3,650 people every day. With strong research and development capabilities and six manufacturing sites, all located in Europe, EUROAPI ensures API manufacturing of the highest quality to supply customers in more than 80 countries. EUROAPI is listed on Euronext Paris; ISIN: FR0014008VX5; ticker: EAPI). Find out more at www.euroapi.com and follow us on [LinkedIn](#).

Forward-Looking Statements

Certain information contained in this press release is forward looking and not historical data. These forward-looking statements are based on opinions, projections and current assumptions including, but not limited to, assumptions concerning the Group's current and future strategy, financial and non-financial future results and the environment in which the Group operates, as well as events, operations, future services or product development and potential. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates", "plans" and similar expressions. Forward looking statements and information do not constitute guarantees of future performances, and are subject to known or unknown risks, uncertainties and other factors, a large number of which are difficult to predict and generally outside the control of the Group, which could cause actual results, performances or achievements, or the results of the sector or other events, to differ materially from those described or suggested by these forward-looking statements. These risks and uncertainties include those that are indicated and detailed in Chapter 3 "Risk factors" of the Universal Registration Document filed with the French Financial Markets Authority (Autorité des marchés financiers, AMF) on April 5, 2024. These forward-looking statements are given only as of the date of this press release and the Group expressly declines any obligation or commitment to publish updates or corrections of the forward-looking statements included in this press release in order to reflect any change affecting the forecasts or events, conditions or circumstances on which these forward-looking statements are based.