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EUROAPI Full-Year 2024 Results

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EUROAPI Full-Year 2024 Results

Operator: Hello, and welcome to the EUROAPI full-year 2024 results presentation. My name is Caroline, and I'll be your coordinator for today's event. Please note this call is being recorded, and for the duration of the call, your lines will be on listen-only mode. However, you will have an opportunity to ask questions at the end of the call. This can be done by pressing star one on your telephone keypad to register your questions. If you require assistance at any point, please press star zero and you'll be connected to an operator.

I will now hand over the call to your host, Sophie Palliez, Head of Investor Relations, to begin today's conference. Thank you.

Sophie Palliez: Thank you. Good morning, everyone, and welcome to this webcast. Our hosts today are David Seignolle, EUROAPI's Chief Executive Officer, and Olivier Falut, EUROAPI's Chief Financial Officer.

We will start, as usual, by a short presentation followed by the Q&A session. Please note that those of you that are connected via the internet will be able to ask questions through the platform, and I will ask them on their behalf.

Before we start, 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 or 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 they could cause actual results, performances and achievements, to differ materially from those described or suggested.

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

David Seignolle: Thank you, Sophie. Good morning, everyone, and welcome to this session.

Let us start first with a look back at 2024. The first thing I want to talk about today is resilience. Our topline has been fairly resilient, despite the heavy challenges, many of which have been inherited from the past. We found ways to partly offset these headwinds with solid commercial momentum in both API Solutions and CDMO.

Last year, we brought in 37 new clients, won 16 new CDMO projects, and as communicated in Q2, we secured a five-year CMO contract worth between €130 million and €150 million with a major animal health company. This proves that EUROAPI has both the ability and the opportunity to succeed.

The second point I would like to mention is about agility. Our teams acted fast to manage the situation and limit the impact of the temporary production suspension in Brindisi. Thanks to their efforts, the site has resumed manufacturing since end of august last year.

We also took a more disciplined approach across the company. One key achievement was a significant and voluntary reduction in inventories, which is obviously helping us to operate more efficiently.

Another big focus was on execution. We made solid progress on all four pillars of the FOCUS-27 roadmap. In particular, we improved some commercial terms with Sanofi and fully secured the financing of our plan with the support of our main shareholders.

Finally, sustainability. Despite our challenges, we kept rolling out our ESG programme. And earlier this year, we took a big step forward by committing to the SBTi initiative.

Let us now take a look at 2024 from a financial perspective. Olivier will go into further details a bit later.

Net sales came in at €911.9 million, down 10.0% compared to 2023. Sales to Sanofi dropped 10.7%, while revenues from other clients decreased 9.4%. Both were impacted by the temporary suspension of Brindisi. Without this, the decline would have been 7.3%. Core EBITDA came in at €50.4 million, a 45.8% decrease from 2023, with a core EBITDA margin of 5.5%.

Finally, CAPEX stood at €108 million, with 53% of that invested in growth and performance projects and contributed to putting the company back on track for long-term growth

If we move now to page seven. We show the progress made on the financing of our plan in 2024. We recognise that the support of our main shareholders in securing funding has been a key driver behind last year's progress. In particular, we refinanced the €451 million revolving credit facility, extending its maturity to February 2029. At the same time, Sanofi invested €200 million in a hybrid deeply subordinated bond and committed to reserving capacity for selected APIs. As part of this, we received €18 million in 2024, and we expect another €36 million in 2025.

Beyond successful funding, we are particularly pleased with the increased agility and discipline of our teams, which have delivered an ambitious €100 million improvement in working capital. As you may remember, optimising inventories was already a key goal when the company was listed.

Turning to slide eight. Despite the challenges we faced in 2024, we did not compromise on our sustainability commitment. We made solid progress on the environmental roadmap. We reduced greenhouse gas emissions and intensity and improved our solvent recycling.

As of January, 100% of the electricity we purchased for the six industrial sites comes from renewable sources. On top of that, we confirmed our decarbonisation roadmap, including our pledge to align total emission reduction with the Paris Agreement and committing to the Science-Based Targets initiative, SBTi.

When it comes to diversity, the share of women in extended leadership positions at EUROAPI remains above average and already exceeds the 30% target set by the French Loi Rixain for 2026. However, one area where we need to improve is total recordable injury rate, which increased in 2024. We had a few minor incidents, like slips, trips and falls that impacted our severity rate. To address this, we've already put mitigation measures in place and are fully focused on reaching our 2025 safety goals. In fact, safety will be a key factor in the annual variable compensation for EUROAPI's management team in 2025, including for myself.

I will now leave Olivier talk through our financials in more details

Olivier Falut: Thank you, David. Let's take a look at consolidated net sales on slide 10.

We closed the year at €911.9 million, down 10% from 2023. The bridge breaks down the key drivers behind this decline but let me highlight some of the main positive and negative drivers.

Starting with the headwinds. First, the production suspension in Brindisi impacts both the API and CDMO business. Including Brindisi, sales decline would have been contained to 7.3% Second, the downsizing of two CDMO contracts in commercial phase impacted topline by around €40 million.

Third, Sevelamer volumes sold to Sanofi were down in the period and sales of vitamin B12 to other clients were in part impacted by competitive pressure from Asian producers.

Looking now at positive revenue contributions. First, we continued to diversify the client portfolio with 37 new API clients during the year. Our focus on cross selling APIs is also starting to pay off with cross selling-related sales now accounting for 9.5% of API sales to non-Sanofi clients. Second, CDMO sales benefited from the ramp up of a large molecule commercial phase contract with Sanofi.

Now, let's take a look at our CDMO commercial activity in 2024 on slide 11.

We started the year with 69 projects and closed at 58. The net change reflects both new wins and natural project evolution. We added 16 new projects, including five in late-stage and six in large molecules. Eight projects were successfully completed and are now pending on the next pre-clinical or clinical outcomes.

If these outcomes are successful, we are well-positioned to sign for another round with our customers. 12 projects were completed but either had negative clinical results or were discontinued by customers. Seven projects from the pre-carve-out portfolio were discontinued by the clients.

Beyond the numbers, we are pleased with the momentum we are seeing across the CDMO business. The number of RFPs we received is slightly up, and the average value of RFP we received was up by double digits in '24. […]

Turning now to the core EBITDA evolution on slide 12.

Core EBITDA reached €50.4 million in '24. This represents a 5.5% margin, down by 9.2% from '23. The main factors that have contributed in this decrease are as follows. Positive impacts came from volumes compared to last year, 0.8 points on total. The one-off impact of Buserelin stock clearance. The total impact was €21 million, or 1 point, recorded in H1. Reduced Energy and Raw materials for 0.8 points. Industrial efficiencies contributed also for 0.8 points to the margin. This is consistent with FOCUS-27.

The tailwinds were more than offset by negative price and mix, mostly in H2; unfavourable fixed-cost absorption triggered by the release of products produced during the peak inflation cycle of the past 24 months. We sold in 2024 products manufactured in 2022 and 2023 with a higher cost base. A negative 0.3 points from OPEX, mostly driven by the reinforcement of some support functions. Brindisi and Haverhill sites, which are planned to be divested weighted 1.4 points on 2024 core EBITDA. These were affected by the suspension of production for Brindisi, and the huge decrease in Sevelamer volumes for Haverhill.

Turning to items below the core EBITDA on slide 13.

Non-recurring items totalled €94 million in 2024, bringing the reported EBITDA to negative €43.6 million. The vast majority of non-recurring items directly related to the execution of FOCUS-27.

First, we recorded €62.5 million in idle costs. As part of FOCUS-27, these include the ramp down of two workshops in Frankfurt and reduced inventories in Vertolaye.

Second, we incurred an €11.3 million charge relating to the transformation of the company, and the initial implementation of FOCUS-27, including consulting fees.

Finally, employee-related expenses, in part linked to redundancy plans in Germany and the UK, amounted to €12.3 million last year.

Turning to items below EBITDA on slide 14.

Operating income stood at a negative €120.4 million in 2024 compared to negative €234.3 million in the previous year. Net financial expenses increased to €19.2 million in 2024 compared to €8.5 million in the previous year. This is mostly due to the increase in interest rates as well as the renewal of our RCF in the second half of last year. The income tax increase was reduced to €9 million in 2024, down from €53 million in 2023, which was largely impacted by a €42 million deferred tax asset relating to the revaluation of the Group's assets in Hungary.

The bottom line, the net income for the year was a €130.6 million loss compared to a €189.7 million loss in 2023.

Turning to cash now and working capital dynamics in particular on slide 15.

As part of FOCUS-27 and our commitment to improve working capital, we are pleased to report a meaningful progress across both months in hand and DSO. Months in hand stood at 6.9, driven by the voluntary inventory reduction programme that was implemented, mostly in Q4. Thanks to a better cash collection, we improved DSO by 17 days to 39.

On page 16 now. We invested €108 million on CAPEX of 11.8% of sales. 53% of these CAPEX were dedicated to growth or performance with progress made on our key strategic projects, including vitamin B12, oligonucleotides, prostaglandins, and hormones. Compliance CAPEX accounted for 24% of the total. Those CAPEX are linked to safety, quality and environmental topics. Many of them are mandatory, others are related to the quality processes step-up we implemented following the Budapest and Brindisi issues.

Moving now on slide 17 and net debt evolution.

We ended 2024 with a €25.2 million net cash position, compared to €171 million net debt at the end of 2023. Working capital improved by €159.8 million, driven by the strong reduction in inventories, and DSO I just mentioned. The €60 million of total other current assets and liabilities include a €23 million variation in VAT tax reimbursement, €18 million paid by Sanofi to reserve a minimum available capacity as part of the financing of FOCUS-27. As David mentioned, an additional €36 million will be paid in 2025.

Free cash flow before financing activities was €15 million, a major improvement compared to minus €132.2 million at the end of 2023. Cash flow from financing activities includes €197 million of deeply subordinated hybrid bond subscribed by Sanofi in October 2024, and €10.9 million cost of debt, including €4.8 million linked to the renewal of the €451 million revolving credit facility.

This ends the review of our 2024 consolidated results. Let me hand it over back to David.

David Seignolle: Thank you, Olivier

As I said in my introduction, as we move to page 19, we have made significant progress in the implementation of our FOCUS-27 plan since it was launched. This is true across all four pillars and comforts us in our ability to successfully achieve the €75 million to €80 million incremental core EBITDA target by the end of 2027.

Let's take a closer look at these different pillars and how we have progressed so far.

Turning on to page 20. FOCUS-27 aims to generate 70% of our 2027 revenues from differentiated APIs. These niche market APIs require both production scale and certainly highly efficient manufacturing processes. They are complex products to formulate and face limited competition from low-cost players.

To achieve the 70% goal, we will discontinue 13 APIs with low or negative margins and concentrate our commercial strategy on more profitable products and segments, such as large molecules, highly potent molecules, and opiates. At the end of 2024, these differentiated APIs represented 61% of total revenue, up from 57% in 2023.

This growth was driven by large molecules and enhanced sales momentum in opiates. The 13 APIs to be discontinued accounted for €68 million in sales in 2024 and resulted in a negative gross profit of €9 million in '24. The terms and timelines for the discontinuation of these 13 APIs are now finalised. Most of them will be ceased at the end of 2025. Consequently, 2025 net sales will benefit from strategic stockpiling requests by our customers.

Moving on to the second pillar: the shift towards a more focused, customised and high value CDMO offer.

Throughout the year, our teams worked diligently to de-risk our business. At the end of 2024, late-stage projects represented 60% of our portfolio, a slight decrease compared to the previous year due to the discontinuation of historical CMO contracts, as Olivier mentioned a little bit earlier. This decrease was partially offset by the addition of five late-stage projects.

At the end of 2024, large pharmaceutical companies accounted for 55% of our 58 projects, up from 46% in 2023. This increasing exposure to large and well-established players opens avenue for further RFPs and the potential for significant contracts.

Demonstrating the growing interest from both existing clients and prospects, we received 215 RFPs in '24, an increase from 211 in 2021, with a double-digit increase in the median value per RFP. Notably, 13% of those RFPs came from new prospects.

Among the 16 projects initiated in 2024, six involved large molecules, including a peptide PMO conjugate project with a major pharmaceutical company. To enhance our large molecule offering and provide our customers with a comprehensive one-stop-shop experience, I am pleased to announce that we have signed an innovative partnership with StrainChem, a small French CRO recognised for its liquid-phase peptide synthesis technology, which was previously absent from our technology platforms.

If we move now onto CAPEX on page 22, which is the third pillar of FOCUS-27 to optimise our manufacturing footprint and achieving high return capital expenditures. This includes the

planned divestment of two sites: Haverhill in the UK and Brindisi in Italy, as well as the mothballing of two complex chemical workshops in Frankfurt.

The divestment process for Haverhill is progressing. The process related to Brindisi has been put on hold during the suspension of the production in 2024. The mothballing of the workshops has begun and will accelerate with the discontinuation of 13 APIs, as over 70% of these are produced in Frankfurt.

Throughout the year, we made solid progress on the key strategic CAPEX initiatives planned under FOCUS-27. We aim to invest between €300 million and €400 million between '24 and '27, with around 60% of those allocated to growth and performance.

The €17 million investment in expanding peptide and oligonucleotide capacity in Frankfurt, initiated at the time of our listing, will be completed by the end of 2025. This will enhance our offerings in oligonucleotides, including complex conjugated large molecules. Additionally, our newly signed partnership with StrainChem will significantly improve peptide production through liquid-phase synthesis.

In response to increasing market demand, we have decided to invest an additional €15 million in oligonucleotide capacity in Frankfurt. This additional capacity will be fully operational in 2028. It is notably dedicated to one of our clients' promising products currently in phase two and which should reach the commercial phase in the coming years.

Various projects aimed at increasing capacity and productivity in vitamin B12, prostaglandins, corticosteroids, hormones, and opiates are progressing well. These initiatives will contribute to fuel EUROAPI's growth during and beyond the plan. €5 million for instance have been invested in prostaglandins in 2024, €6 million are planned in 2025, allowing us to increase capacity of three of our key products, with impact on sales to be expected from 2026.

Finally, a new project has been initiated in Elbeuf that focuses on reducing greenhouse gas emissions and decreasing water usage. Overall, we will invest €19 million between 2025 and 2029, with approximately €8 million allocated before '27. This initiative will support our decarbonisation roadmap and replaces the original planned steam generation biomass boiler at a lower cost

Turning to page 23. Finally, we have begun our journey towards organisational transformation. Several initiatives have been launched, including the streamlining, for example, of our procurement organisation, which is expected to generate savings in both direct and indirect costs.

Our overall goal is to simplify the processes partly inherited from Sanofi and to adapt them to the size of the company. As part of this process, our headcount has been reduced by approximately 180 employees in 2024, aligning with our objective of reducing 550 positions under the FOCUS-27 initiative. This reduction does not include the Haverhill and Brindisi sites, which are scheduled for divestment.

If we move now onto our '25 outlook. Before moving to the financial year '25 guidance, let me go through the main operational and business drivers that underpin sales, profitability and cash development for the year.

Starting with sales. Topline will benefit from mainly two things. First, a solid growth in API sales to clients other than Sanofi, particularly in high-potent APIs, and opiates. Second, double-

digit growth in sales from early-phase CDMO. This will be offset by: first, continued reduced API demand from Sanofi, particularly for Sevelamer; second, a slight decrease in vitamin B12 sales; and third, the discontinuation of several pre-carve-out mature CMO projects.

2025 sales will also include a positive impact from the build-up of inventories in customers affected by the discontinuation of the 13 APIs.

Turning to profitability. We expect further industrial efficiencies, improved procurement, cost-efficiencies across all functions and all will support an improvement in profitability in 2025. We expect further exceptional items, including idle costs and restructuring charges, but to a lesser extent than in 2024.

Finally, on cash generation. We anticipate free cash flow before financing to be supported by the EBITDA increase; ongoing improvement in working capital, although to a lesser degree than in 2024; and the positive impact of Sanofi's investment in securing future product capacities that we mentioned earlier. 2025 CAPEX should be slightly lower than the 2024 level as a result of maintenance CAPEX optimisation.

Turning to slide 26, and how this translates into sales and margin guidance for 2025.

First, we anticipate net sales to be slightly decreasing to steady on a comparable basis when compared to the full year 2024. Despite muted sales momentum, we anticipate core EBITDA margin will improve to reach between 7% and 9% of net sales.

In the meantime, our ambition is to safeguard cash flow generation this year. There is no doubt that 2025 will be another year, where, our priority, as a management team, will be to execute the FOCUS-27 plan to make sure we fix the legacy issues and make the right strategic choices to set the company on the right long-term trajectory.

Now moving on to slide 27 to conclude the presentation and before we open up the floor to your questions, I would like to share some thoughts on where we see EUROAPI's potential.

I strongly believe that EUROAPI has what it takes to reclaim its position as a leading player in API Solutions and CDMO in Europe. With FOCUS-27, we are shaping EUROAPI into a more agile and leaner organisation; an organisation that can best leverage its strengths, accelerate innovation, thanks to its unique technological platforms, optimise its industrial footprint, and keep sustainability at the heart of what we do.

We know the journey isn't an easy one, but I am confident that, with the support of the Board, and the engagement of EUROAPI employees, we will collectively meet our medium-term objectives and long-term growth ambition.

Thank you for your attention. We are now ready for your questions.

Questions and Answers

Operator: Thank you. As a reminder, if you would like to ask a question, please signal by pressing star one on your telephone keypad. We will take the first question from line Zain Ebrahim from JP Morgan. The line is open now. Please go ahead.

Zain Ebrahim (JP Morgan): Hello. Thank you for taking my questions. This is Zain Ebrahim from JP Morgan. Just a few questions for me, please. My first question is on the 13 API that you've said that you're discontinuing. So that was €68 million in sales in '24. And you

mentioned maybe some stockpiling benefit from customers in ’25 before the discontinuation in ’26. How much of a tailwind do you see from that on sales in ’25 in your guidance? Maybe in terms of any impact on core EBITDA margin that we should be thinking about as well, that would be helpful. That's my first question. Maybe I'll pause there.

David Seignolle: Indeed, you caught it correctly. From last year, we would expect potentially low single digits decrease in sales due to that specific effect.

Olivier Falut: In terms of EBITDA, clearly, it's a negative EBITDA. This is the reason why we discontinued the product.

Zain Ebrahim: That's very helpful. Just on the CDMO business, so there's a number of contracts that you won seems to have been down in the second half versus the first half. I think it sounds like you won two contracts in the second half versus 14 in the first half. Any reasons for the slowdown in contract wins that you'd point to and how you're thinking about contracting momentum in ’25 based on the request for proposal that you have?

Thinking about CDMO revenues, do you expect that to overall be stable in ’25 based on the early stage strength offset by the loss of some of the legacy contracts?

David Seignolle: I think you're perfectly right on that second part of the question. If I go back to your first part about the phasing, it's pure seasonality of when we receive our fees and where our customers are making their own decision. We wouldn't read anything into that.

Zain Ebrahim: Very helpful. My final question is just on Brindisi. What are you assuming in ’25 for the rebound potentially in sales for Brindisi, given the suspension of production in ’24? Maybe sort of broader picture. You mentioned the divestment process for Brindisi has been on pause because of the suspension. When are you planning on resuming the divestment process for it? When can we potentially expect to see that level of divestment in the plan?

David Seignolle: A few questions here. The first one on the rebounding sales. We don't give any guidance specific to any sales per site. We share that we had the reduction of €30 million due to Brindisi last year. You remember probably the sales number from 2023. We are basically in those territories, if you will, for 2025.

From a divestment standpoint, as we said, I think we are not in a hurry, for one reason is because, one, the site produces complex APIs, some of which being lifesaving and on the critical medicine list of products. We have many more customers. We want to do things right overall for EUROAPI, but also for the community and the customers. Our plan is still to divest the site within the length or the duration of the plan.

Zain Ebrahim: Very helpful. Thanks a lot.

Operator: Thank you. As a reminder, if you would like to ask a question, please signal by pressing star one on your telephone keypad. We will take the next question from line Fynn Scherzler from Deutsche Bank. The line is open now. Please go ahead.

Fynn Scherzler (Deutsche Bank): Yes. Hi. Thanks for taking my question. Maybe first, can you help us with the magnitude of adjustments we should expect for the next year? You indicated that it should be lower. Maybe you can walk us through the different components. If I understand correctly, the idle cost should likely be lower, inventory reduction is probably also almost done. But I think especially in terms of the employee reduction, there's probably more

to come. So if you could give us a rough magnitude that we should think about from the €87 million we had in '24.

Olivier Falut: Well, in this area, clearly, we expect fewer adjustments in '25 than in '24. Clearly speaking, the key effort in terms of inventory has been the reduction in Vertolaye that's been done in '24. The remaining portion in terms of underactivity is clearly in Frankfurt. But the magnitude of the effort to be done in '25 is less than in '24. So basically, we do not provide any guidance on the total, but it has to be expected less than in '24.

David Seignolle: If I may add to that, we are guiding in core EBITDA this year. That's the 7% to 9%. But we will also be expecting a positive EBITDA in 2025. It comes out reduced adjustments. It's all mechanical.

Fynn Scherzler: Okay, that's super helpful. Thank you very much. Then maybe you touched on it a little bit already in the first question. But could you maybe help us with some general comments on the phasing that we should keep in mind? Because there's so many moving parts and one-offs. I understood that there is also the stocking effect for 2025. Is this evenly split between the halves? And also maybe with the re-ramp of Brindisi. How should we think about the two halves of the year against each other?

David Seignolle: Yeah, so we don't expect any significant seasonality this year. I mean, certainly not from the two elements you mentioned, one being the discontinuation of the products. I mean, we will carry this production throughout 2025, and any stockpiling may come throughout the year. Brindisi has also, as you alluded to it, let's say, spread are very, let's say, lean plant throughout the year. There is no seasonality expected here in 2025. I think the team did a fantastic effort in Q3 and Q4 to restart across all major products.

I think there was one other element. If you alluded to any seasonality from last year, basically, let's remind that last year seasonality was also due to some one-off effects. For example, Buserelin. These are effects that we don't expect to see in 2025.

Fynn Scherzler: Okay, that's helpful. Is there any sort of caveat to the EBITDA development between the halves, or should it be similar to the revenue?

Olivier Falut: Yeah, clearly in terms of EBITDA, we expect some type of seasonality. Clearly, the comparison from last year with the Buserelin will not happen again. That's the first point. The second point is related mainly to the Sanofi sales, where we expect more profitability in the second half. So we should have a second half stronger in terms of EBITDA than the first, but with not at all the same type of magnitude as in '24.

David Seignolle: H2 slightly better than H1.

Fynn Scherzler: Okay, that's super helpful. If I can maybe squeeze in one last one. Your comment on the competitive pressure in vitamin B12, I think I heard that the first time. Could you maybe expand on that a little bit or what you're seeing there and how much of a headwind that is?

David Seignolle: For vitamin B12, EUROAPI is the only Western supplier with vitamin B12. Everyone else is in Asia and I think in China, if I remember well. Whilst we expect the market to grow, there is significant capacity in China. Probably not as strong in terms of quality of the product than we do have. However, it's a price market as well there.

What we see here is, we mentioned a slight decrease in 2024 is due to two factors. The first one is this demand that has decreased due to that strong competition. The second one is we had some postponement from '24 to 2025 of some shipments at the request of our customers. These products were already shipped into this year.

Looking ahead to 2025, what do we expect? Well, we expect I think a low single-digit decrease in sales, again, because of the Asian competition. To tackle this challenge, the company initiated a few years ago, a strong, let's say, product and process improvement. That's what you could see in the line vitamin B12 for CAPEX. This process is expected to be finalised in 2025, which would help us to regain competitiveness and enhance even further the product quality. But that will be beyond 2025.

Fynn Scherzler: Okay, thank you very much.

Operator: Thank you. As a reminder, if you would like to ask a question, please signal by pressing star one on your telephone keypad. It appears no further question over the phone. I'll hand it back over to your host. Thank you.

Sophie Palliez: Thank you. We have a couple of questions here from the website. One was on vitamin B12 and we'll just cover it. Another one is about BTK inhibitor, which was again in the second half on our CDMO business. The question is about the agreement with Sanofi and what in fact we could expect in terms of revenues in the short and the mid-terms keeping in mind that the product is entering into new phase III.

And a follow-up question on that, also the CDMO business is about the downsizing of the two commercial phase contracts that were mentioned in the press release. When have these contracts been stopped? And is it right to consider that we don't have these revenues for '25 and '24?

David Seignolle: All right. Thank you for the questions. The first one on BTKI. Look, I think I'm not going to comment on anything that relates to Sanofi. What I can comment on is we have delivered all what was required in 2024 in time, in quality at the demand of Sanofi into their basically development phase work. We are ready for any further demand that may come or that is planned to come in '25 and beyond. I think we are looking forward to this, but we won't comment on future guidance or revenues generated by these potential products.

On the second part about the CDMO contracts, I think it's no surprise to all of you that when the company was created, we inherited a bit more than 20 different CMO projects from Sanofi. Most of them were mature commercial contracts that were expected to fade out gradually as per the natural commercial cycle of products or CMO contracts. This was embedded into the initial business plan, although at a slower pace.

Now as we look into FOCUS-27, well, the goal is to accelerate the late-stage projects to offset the decline of these historical contracts. Those specific two were in 2024 and are reduced and we are not seeing them in 2025.

Sophie Palliez: Okay. Then we have another question about our ESG commitments. Another way I would phrase it would be, is it a competitive advantage? You presented this roadmap. How can you consider that it will be a competitive advantage?

David Seignolle: The ESG point.

Sophie Palliez: yes, the ESG commitment.

David Seignolle: Yeah. I think many people are wondering what's happening in the world. I think I'm not here to comment any of this. What I know is many of our customers have commitments for 2030 and beyond. We value this as an advantage to also have the right commitments for the company. It's part of our vision, our ambition, certainly our values to deliver against. Most often than not, we have customers that are asking us about what we are doing and how we are projecting them to ourselves, what we are doing from CO2 emissions, what are we doing from biosolvents, what are we doing from electricity perspective, simplification of processes and etc., etc.

We definitely value this and we certainly believe that it will be competitive today and it will be in the future, and that's why we are developing that, a competitive advantage for EUROAPI.

Sophie Palliez: Okay. We don't have further questions on the website and apparently no more questions from the telephone line. Maybe time to end this presentation. Thank you, everyone.

Of course, and as usual, we remain at your disposal for any follow-up questions, anything you would like us to comment further. A short reminder on our agenda. The AGM for this year is scheduled on 21st May and it will take place in Paris. Have a nice day.

David Seignolle: Thank you very much indeed.

Olivier Falut: Thank you.

Operator: Thank you for joining today's call. You may now disconnect.

[END OF TRANSCRIPT]