Half-year financial report

2022

sanofi

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2022 HALF-YEAR FINANCIAL REPORT

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ENGLISH TRANSLATION AND LANGUAGE CONSULTANCY: STEPHEN REYNOLDS & JANE LAMBERT

1. CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS – ASSETS

(€ million)	Note	June 30, 2022	December 31, 2021
Property, plant and equipment owned	B.2.	9,767	10,028
Right-of-use assets		1,875	1,948
Goodwill	B.3.	50,555	48,056
Other intangible assets	B.3.	21,978	21,407
Investments accounted for using the equity method	B.5.	710	250
Other non-current assets	B.6.	3,312	3,127
Non-current income tax assets		187	175
Deferred tax assets		4,796	4,598
Non-current assets		**93,180**	**89,589**
Inventories		9,366	8,715
Accounts receivable	B.7.	7,868	7,568
Other current assets		3,689	3,571
Current income tax assets		538	612
Cash and cash equivalents	B.9.	6,899	10,098
Current assets		**28,360**	**30,564**
Assets held for sale or exchange		286	89
TOTAL ASSETS		**121,826**	**120,242**

The accompanying notes on pages 11 to 40 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED BALANCE SHEETS – EQUITY AND LIABILITIES

(€ million)	Note	June 30, 2022	December 31, 2021
Equity attributable to equity holders of Sanofi		70,951	68,681
Equity attributable to non-controlling interests		353	350
Total equity	*B.8.*	**71,304**	**69,031**
Long-term debt	*B.9.*	15,942	17,123
Non-current lease liabilities		2,001	1,839
Non-current liabilities related to business combinations and to non-controlling interests	*B.11.*	742	577
Non-current provisions and other non-current liabilities		6,181	6,721
Non-current income tax liabilities		2,029	2,039
Deferred tax liabilities		1,550	1,617
Non-current liabilities		**28,445**	**29,916**
Accounts payable		6,558	6,180
Current liabilities related to business combinations and to non-controlling interests	*B.11.*	90	137
Current provisions and other current liabilities		11,675	11,217
Current income tax liabilities		443	309
Current lease liabilities		231	269
Short-term debt and current portion of long-term debt	*B.9.*	3,063	3,183
Current liabilities		**22,060**	**21,295**
Liabilities related to assets held for sale or exchange		17	—
TOTAL EQUITY AND LIABILITIES		**121,826**	**120,242**

The accompanying notes on pages 11 to 40 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

(€ million)	Note	June 30, 2022 (6 months)	June 30, 2021 (6 months) [(a)]	December 31, 2021 (12 months)
Net sales	*B.20.*	**19,790**	**17,335**	**37,761**
Other revenues		1,005	596	1,414
Cost of sales		(6,130)	(5,542)	(12,255)
Gross profit		**14,665**	**12,389**	**26,920**
Research and development expenses		(3,147)	(2,663)	(5,692)
Selling and general expenses		(4,953)	(4,531)	(9,555)
Other operating income	*B.15.*	416	410	859
Other operating expenses	*B.15.*	(1,204)	(709)	(1,805)
Amortization of intangible assets	*B.3.*	(910)	(775)	(1,580)
Impairment of intangible assets	*B.4.*	(87)	(178)	(192)
Fair value remeasurement of contingent consideration	*B.6.* *B.11*	(17)	(4)	(4)
Restructuring costs and similar items	*B.16.*	(792)	(343)	(820)
Other gains and losses, and litigation	*B.17.*	(142)	—	(5)
Operating income		**3,829**	**3,596**	**8,126**
Financial expenses	*B.18.*	(189)	(188)	(368)
Financial income	*B.18.*	34	28	40
Income before tax and investments accounted for using the equity method		**3,674**	**3,436**	**7,798**
Income tax expense	*B.19.*	(495)	(678)	(1,558)
Share of profit/(loss) from investments accounted for using the equity method		58	26	39
Net income		**3,237**	**2,784**	**6,279**
Net income attributable to non-controlling interests		53	20	56
Net income attributable to equity holders of Sanofi		**3,184**	**2,764**	**6,223**
Average number of shares outstanding (million)	*B.8.7.*	1,250.0	1,250.3	1,252.5
Average number of shares after dilution (million)	*B.8.7.*	1,255.3	1,255.6	1,257.9
– Basic earnings per share (in euros)		2.55	2.21	4.97
– Diluted earnings per share (in euros)		2.54	2.20	4.95

(a) Includes the impacts of the IFRIC final agenda decisions of March 2021 on the costs of configuring or customising application software used in a Software as a Service (SaaS) arrangement and of April 2021 on the attribution of benefits to periods of service, as described in Note A.2.1 to the consolidated financial statements for the year ended December 31, 2021. Those impacts were not material as of June 30, 2021.

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The accompanying notes on pages 11 to 40 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(€ million)	Note	June 30, 2022 (6 months)	June 30, 2021 (6 months) [(a)]	December 31, 2021 (12 months)
Net income		**3,237**	**2,784**	**6,279**
Attributable to equity holders of Sanofi		*3,184*	*2,764*	*6,223*
Attributable to non-controlling interests		*53*	*20*	*56*
Other comprehensive income:				
▪ Actuarial gains/(losses)	*B.8.8.*	1,110	309	686
▪ Change in fair value of equity instruments included in financial assets and financial liabilities	*B.8.8.*	13	67	165
▪ Tax effects	*B.8.8.*	(336)	(10)	(54)
Subtotal: items not subsequently reclassifiable to profit or loss (A)		**787**	**366**	**797**
▪ Change in fair value of debt instruments included in financial assets	*B.8.8.*	(52)	(17)	(21)
▪ Change in fair value of cash flow hedges	*B.8.8.*	(17)	(4)	(6)
▪ Change in currency translation differences	*B.8.8.*	3,435	1,061	2,459
▪ Tax effects	*B.8.8.*	97	34	78
Subtotal: items subsequently reclassifiable to profit or loss (B)		**3,463**	**1,074**	**2,510**
Other comprehensive income for the period, net of taxes (A+B)		**4,250**	**1,440**	**3,307**
Comprehensive income		**7,487**	**4,224**	**9,586**
Attributable to equity holders of Sanofi		*7,415*	*4,202*	*9,519*
Attributable to non-controlling interests		*72*	*22*	*67*

(a) Includes the impacts of the IFRIC final agenda decisions of March 2021 on the costs of configuring or customising application software used in a Software as a Service (SaaS) arrangement and of April 2021 on the attribution of benefits to periods of service, as described in Note A.2.1 to the consolidated financial statements for the year ended December 31, 2021. Those impacts were not material as of June 30, 2021.

The accompanying notes on pages 11 to 40 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(€ million)	Share capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Stock options and other share-based payments	Other comprehensive income	Attributable to equity holders of Sanofi	Attributable to non-controlling interests	Total equity
Balance at January 1, 2020 [a]	**2,508**	**147**	**(9)**	**51,902**	**3,863**	**645**	**59,056**	**174**	**59,230**
Other comprehensive income for the period [a]	—	—	—	14	—	(4,001)	(3,987)	(20)	(4,007)
Net income for the period [a]	—	—	—	12,294	—	—	12,294	36	12,330
Comprehensive income for the period [a]	**—**	**—**	**—**	**12,308**	**—**	**(4,001)**	**8,307**	**16**	**8,323**
Dividend paid out of 2019 earnings (€3.15 per share)	—	—	—	(3,937)	—	—	(3,937)	—	(3,937)
Payment of dividends to non-controlling interests	—	—	—	—	—	—	—	(44)	(44)
Share repurchase program	—	—	(822)	—	—	—	(822)	—	(822)
Share-based payment plans:									
▪ Exercise of stock options	2	49	—	—	—	—	51	—	51
▪ Issuance of restricted shares and vesting of existing restricted shares [b]	3	(3)	126	(126)	—	—	—	—	—
▪ Employee share ownership plan	5	169	—	—	—	—	174	—	174
▪ Value of services obtained from employees	—	—	—	—	274	—	274	—	274
▪ Tax effects of the exercise of stock options	—	—	—	—	1	—	1	—	1
Other changes arising from issuance of restricted shares [c]	—	—	—	2	—	—	2	—	2
Balance at December 31, 2020	**2,518**	**362**	**(705)**	**60,149**	**4,138**	**(3,356)**	**63,106**	**146**	**63,252**

(€ million)	Share capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Stock options and other share-based payments	Other comprehensive income	Attributable to equity holders of Sanofi	Attributable to non-controlling interests	Total equity
Balance at January 1, 2021 [a]	**2,518**	**362**	**(705)**	**60,149**	**4,138**	**(3,356)**	**63,106**	**146**	**63,252**
Other comprehensive income for the period [a]	—	—	—	366	—	1,072	1,438	2	1,440
Net income for the period [a]	—	—	—	2,764	—	—	2,764	20	2,784
Comprehensive income for the period [a]	**—**	**—**	**—**	**3,130**	**—**	**1,072**	**4,202**	**22**	**4,224**
Dividend paid out of 2020 earnings (€3.20 per share)	—	—	—	(4,008)	—	—	(4,008)	—	(4,008)
Payment of dividends to non-controlling interests	—	—	—	—	—	—	—	(41)	(41)
Share repurchase program	—	—	(140)	—	—	—	(140)	—	(140)
Share-based payment plans:									
▪ Exercise of stock options	—	4	—	—	—	—	4	—	4
▪ Issuance of restricted shares and vesting of existing restricted shares [b]	4	(4)	148	(148)	—	—	—	—	—
▪ Value of services obtained from employees	—	—	—	—	134	—	134	—	134
▪ Tax effects of the exercise of stock options	—	—	—	—	18	—	18	—	18
Balance at June 30, 2021 [a]	**2,522**	**362**	**(697)**	**59,123**	**4,290**	**(2,284)**	**63,316**	**127**	**63,443**
Other comprehensive income for the period	—	—	—	431	—	1,427	1,858	9	1,867
Net income for the period	—	—	—	3,459	—	—	3,459	36	3,495
Comprehensive income for the period	**—**	**—**	**—**	**3,890**	**—**	**1,427**	**5,317**	**45**	**5,362**
Payment of dividends to non-controlling interests	—	—	—	—	—	—	—	(8)	(8)
Share repurchase program	—	—	(242)	—	—	—	(242)	—	(242)
Share-based payment plans:									
▪ Exercise of stock options	—	7	—	—	—	—	7	—	7
▪ Employee share ownership plan	5	163	—	—	—	—	168	—	168
▪ Value of services obtained from employees	—	—	—	—	110	—	110	—	110
• Tax effects of the exercise of stock options	—	—	—	—	5	—	5	—	5
Other changes in non-controlling interests [d]	—	—	—	—	—	—	—	186	186
Balance at December 31, 2021	**2,527**	**532**	**(939)**	**63,013**	**4,405**	**(857)**	**68,681**	**350**	**69,031**

(€ million)	Share capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Stock options and other share-based payments	Other comprehensive income	Attributable to equity holders of Sanofi	Attributable to non-controlling interests	Total equity
Balance at January 1, 2022	**2,527**	**532**	**(939)**	**63,013**	**4,405**	**(857)**	**68,681**	**350**	**69,031**
Other comprehensive income for the period	—	—	—	787	—	3,444	4,231	19	4,250
Net income for the period	—	—	—	3,184	—	—	3,184	53	3,237
Comprehensive income for the period	**—**	**—**	**—**	**3,971**	**—**	**3,444**	**7,415**	**72**	**7,487**
Dividend paid out of 2021 earnings (€3.33 per share)	—	—	—	(4,168)	—	—	(4,168)	—	(4,168)
Effect of the distribution of an exceptional supplementary dividend of 58% of the shares of EUROAPI to the equity holders of Sanofi [(e)]	—	—	—	(793)	—	—	(793)	—	(793)
Payment of dividends to non-controlling interests	—	—	—	—	—	—	—	(69)	(69)
Share repurchase program [(f)]	—	—	(360)	—	—	—	(360)	—	(360)
Share-based payment plans:									
• Exercise of stock options	1	26	—	—	—	—	27	—	27
• Issuance of restricted shares and vesting of existing restricted shares [(b)]	3	(3)	130	(130)	—	—	—	—	—
• Value of services obtained from employees	—	—	—	—	144	—	144	—	144
• Tax effects of the exercise of stock options	—	—	—	—	15	—	15	—	15
Other movements	—	—	—	(10)	—	—	(10)	—	(10)
Balance at June 30, 2022	**2,531**	**555**	**(1,169)**	**61,883**	**4,564**	**2,587**	**70,951**	**353**	**71,304**

(a) Includes the impacts of the IFRIC final agenda decisions of March 2021 on the costs of configuring or customising application software used in a Software as a Service (SaaS) arrangement and of April 2021 on the attribution of benefits to periods of service, as described in Note A.2.1 to the consolidated financial statements for the year ended December 31, 2021.

(b) This line comprises the use of existing shares to fulfill vested rights under restricted share plans.

(c) Issuance of restricted shares to former employees of the Animal Health business and the European Generics business subsequent to the date of divestment.

(d) This line comprises changes in non-controlling interests arising from divestments and acquisitions.

(e) This amount includes the valuation of the shares distributed as a dividend in kind, at a price of €14.58 per share, as of May 10, 2022 (see Note B.1.).

(f) See Note B.8.2.

The accompanying notes on pages 11 to 40 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(€ million)	Note	June 30, 2022 (6 months)	June 30, 2021 (6 months) (g)	December 31, 2021 (12 months) (g)
Net income attributable to equity holders of Sanofi		**3,184**	**2,764**	**6,223**
Non-controlling interests		53	20	56
Share of undistributed earnings from investments accounted for using the equity method		(53)	(8)	(15)
Depreciation, amortization and impairment of property, plant and equipment, right-of-use assets and intangible assets		1,820	1,715	3,351
Gains and losses on disposals of non-current assets, net of tax (a)		(368)	(105)	(300)
Net change in deferred taxes		(404)	(138)	(356)
Net change in non-current provisions and other non-current liabilities (b)		436	(151)	(37)
Cost of employee benefits (stock options and other share-based payments)		144	134	244
Impact of the workdown of acquired inventories remeasured at fair value		3	—	4
Other profit or loss items with no cash effect on cash flows generated by operating activities (f)		52	(39)	(57)
Operating cash flow before changes in working capital		**4,867**	**4,192**	**9,113**
(Increase)/decrease in inventories		(1,122)	(821)	(357)
(Increase)/decrease in accounts receivable		18	751	185
Increase/(decrease) in accounts payable		111	(89)	451
Net change in other current assets and other current liabilities		(49)	694	1,130
Net cash provided by/(used in) operating activities (c)		**3,825**	**4,727**	**10,522**
Acquisitions of property, plant and equipment and intangible assets	*B.2. - B.3.*	(974)	(991)	(2,043)
Acquisitions of consolidated undertakings and investments accounted for using the equity method (d)	*B.1.*	(977)	(1,520)	(5,594)
Acquisitions of other equity investments		(110)	(71)	(311)
Proceeds from disposals of property, plant and equipment, intangible assets and other non-current assets, net of tax (e)		544	299	676
Disposals of consolidated undertakings and investments accounted for using the equity method (i)		101	—	42
Net change in other non-current assets		(43)	(29)	(68)
Net cash provided by/(used in) investing activities		**(1,459)**	**(2,312)**	**(7,298)**
Issuance of Sanofi shares	*B.8.1.*	40	23	186
Dividends paid:				
▪ to equity holders of Sanofi		(4,168)	(4,008)	(4,008)
▪ to non-controlling interests		(69)	(41)	(48)
Additional long-term debt contracted	*B.9.1.*	1,497	1	—
Repayments of long-term debt	*B.9.1.*	(2,694)	(2,211)	(2,241)
Repayment of lease liabilities		(137)	(106)	(149)
Net change in short-term debt and other financial instruments (h)		286	(134)	(414)
Acquisitions of treasury shares	*B.8.2*	(360)	(140)	(382)
Net cash provided by/(used in) financing activities		**(5,605)**	**(6,616)**	**(7,056)**
Impact of exchange rates on cash and cash equivalents		**40**	**8**	**15**
Net change in cash and cash equivalents		**(3,199)**	**(4,193)**	**(3,817)**
Cash and cash equivalents, beginning of period		**10,098**	**13,915**	**13,915**
Cash and cash equivalents, end of period	*B.9.*	**6,899**	**9,722**	**10,098**

(a) Includes non-current financial assets.

(b) This line item includes contributions paid to pension funds (see Note B.12.).

(c) Of which:

	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
▪ Income tax paid	(927)	(220)	(1,280)
▪ Interest paid	(162)	(180)	(334)
▪ Interest received	23	1	3
▪ **Dividends received from non-consolidated entities**	—	—	2

(d) This line item includes payments made in respect of contingent consideration identified and recognized as a liability in business combinations. For the six months ended June 30, 2022, it includes the net cash outflow arising from the acquisition of Amunix (see Note B.1.). For the six months ended June 30, 2021, it includes the net cash outflows on the acquisitions of Kymab, Kiadis and Tidal; and for the year ended December 31, 2021, it also includes the net cash outflows on the acquisitions of Translate Bio, Kadmon and Origimm.

(e) This line item includes proceeds from disposals of investments in consolidated entities and of other non-current financial assets, net of tax (including €34 million of deferred taxes as of June 30, 2022). For the six months ended June 30, 2022, it includes the divestment of certain non-core Consumer Healthcare and established prescription products for a selling price of €168 million before taxes. For the six months ended June 30, 2021 and the year ended December 31, 2021, it includes the divestments of two activities relating (i) to certain established prescription products, for a selling price (before taxes) of €84 million as of June 30, 2021 and €187 million as of December 31, 2021, and (ii) certain Consumer Healthcare products, for a selling price (before taxes) of €109 million as of December 31, 2021.

(f) This line item mainly comprises unrealized foreign exchange gains and losses arising on the remeasurement of monetary items in non-functional currencies and on instruments used to hedge such items.

(g) Includes the impacts of the IFRIC final agenda decisions of March 2021 on the costs of configuring or customising application software used in a Software as a Service (SaaS) arrangement and of April 2021 on the attribution of benefits to periods of service, as described in Note A.2.1 to the consolidated financial statements for the year ended December 31, 2021. Those impacts were not material as of June 30, 2021.

(h) This line item includes realized foreign exchange differences on (i) cash and cash equivalents in non-functional currencies (primarily the US dollar) and (ii) derivative instruments used to manage such cash and cash equivalents.

(i) See Note B.1.

NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022

INTRODUCTION

Sanofi, together with its subsidiaries (collectively "Sanofi", "the Group" or "the Company"), is a global healthcare leader engaged in the research, development and marketing of therapeutic solutions focused on patient needs.

Sanofi is listed in Paris (Euronext: SAN) and New York (Nasdaq: SNY).

The condensed consolidated financial statements for the six months ended June 30, 2022 were reviewed by the Sanofi Board of Directors at the Board meeting on July 27, 2022.

A/ BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

A.1. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The half-year consolidated financial statements have been prepared and presented in condensed format in accordance with IAS 34 (Interim Financial Reporting). The accompanying notes therefore relate to significant events and transactions of the period, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

The accounting policies used in the preparation of the consolidated financial statements as of June 30, 2022 comply with international financial reporting standards (IFRS) as endorsed by the European Union and as issued by the International Accounting Standards Board (IASB). IFRS as endorsed by the European Union as of June 30, 2022 are available via the following web link:

https://www.efrag.org/Endorsement.

The accounting policies applied effective January 1, 2022 are identical to those presented in the consolidated financial statements for the year ended December 31, 2021.

The following amendments are applicable from January 1, 2022, and have had no material impact: "Reference to the Conceptual Framework" (amendment to IFRS 3); "Proceeds before Intended Use" (amendment to IAS 16); "Onerous Contracts — Cost of Fulfilling a Contract" (amendment to IAS 37); and "Annual Improvements to IFRS standards 2018-2020".

As a reminder, Sanofi adopted in its consolidated financial statements for the year ended December 31, 2021 the IFRS IC final agenda decision (published in the March 2021 IFRS IC update) clarifying how to account for costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement, which requires such costs to be recognized as an expense.

A.2. USE OF ESTIMATES

The preparation of financial statements requires management to make reasonable estimates and assumptions based on information available at the date the financial statements are finalized. Those estimates and assumptions may affect the reported amounts of assets, liabilities, revenues and expenses in the financial statements, and disclosures of contingent assets and contingent liabilities as of the date of the review of the financial statements. Examples of estimates and assumptions include:

- amounts deducted from sales for projected sales returns, chargeback incentives, rebates and price reductions;
- impairment of property, plant and equipment and intangible assets;
- the valuation of goodwill and the valuation and useful life of acquired intangible assets;
- the measurement of contingent consideration receivable in connection with asset divestments and of contingent consideration payable;
- the measurement of financial assets at amortized cost;
- the amount of post-employment benefit obligations;
- the amount of liabilities or provisions for restructuring, litigation, tax risks relating to corporate income taxes, and environmental risks; and
- the amount of deferred tax assets resulting from tax losses available for carry-forward and deductible temporary differences.

Actual results could differ from these estimates.

For half-year financial reporting purposes, and as allowed under IAS 34, Sanofi has determined income tax expense on the basis of an estimate of the effective tax rate for the full financial year. That rate is applied to business operating income plus financial income and minus

financial expenses, and before (i) the share of profit/loss of investments accounted for using the equity method and (ii) net income attributable to non-controlling interests. The estimated full-year effective tax rate is based on the tax rates that will be applicable to projected pre-tax profits or losses arising in the various tax jurisdictions in which Sanofi operates.

A.3. SEASONAL TRENDS

Sanofi's activities are not subject to significant seasonal fluctuations.

A.4. CONSOLIDATION AND FOREIGN CURRENCY TRANSLATION OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES IN HYPERINFLATIONARY ECONOMIES

In 2022, Sanofi continues to account for subsidiaries in Venezuela using the full consolidation method, on the basis that the criteria for control as specified in IFRS 10 (Consolidated Financial Statements) are still met. In 2018, following a change to the foreign exchange system, the "DICOM" rate was replaced by the "PETRO" rate (with a floating US dollar/bolivar parity) and the strong bolivar ("VEF") by a new currency known as the sovereign bolivar ("VES"), reflecting a 1-for-100,000 devaluation. Consequently, the contribution of the Venezuelan subsidiaries to the Sanofi consolidated financial statements is immaterial.

In Argentina, the cumulative rate of inflation over the last three years is in excess of 100%, based on a combination of indices used to measure inflation in that country. Consequently, Sanofi has since July 1, 2018 treated Argentina as a hyperinflationary economy, and applied IAS 29. The impact on the financial statements of adjustments required for the application of IAS 29 in respect of Argentina as of June 30, 2022 is immaterial.

Since the beginning of 2021, inflation in Turkey has increased significantly and the cumulative inflation rate over the past three years has been above 100% since the end of February 2022. Qualitative indicators following the deterioration of the economic situation and exchange controls, also support the consensus conclusion that Turkey is a hyperinflationary country from 2022. Consequently, restatements have been made retroactively to 2022 figures, in accordance with IAS 29. The impact of those restatements is not material at Sanofi group level.

A.5. 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 or liabilities, or valuation techniques in which all important inputs are derived from observable market data;
- Level 3: valuation techniques in which not all important 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.

Note	Type of financial instrument	Measurement principle	Level in fair value hierarchy	Valuation technique	Method used to determine fair value			
						Market data		
					Valuation model	Exchange rate	Interest rate	Volatilities
B.6.	Financial assets measured at fair value (quoted equity instruments)	Fair value	1	Market value	Quoted market price	N/A		
B.6.	Financial assets measured at fair value (quoted debt instruments)	Fair value	1	Market value	Quoted market price	N/A		
B.6.	Financial assets measured at fair value (unquoted equity instruments)	Fair value	3	Amortized cost/ Peer comparison (primarily)	If cost ceases to be a representative measure of fair value, an internal valuation based primarily on peer comparison is used.			
B.6.	Financial assets at fair value (contingent consideration receivable)	Fair value	3	Revenue-based approach	The fair value of contingent consideration receivable is determined by adjusting the contingent consideration at the end of the reporting period using the method described in Note D.7.3. to the consolidated financial statements for the year ended December 31, 2021.			
B.6.	Long-term loans and advances and other non-current receivables	Amortized cost	N/A	N/A	The amortized cost of long-term loans and advances and other non-current receivables at the end of the reporting period is not materially different from their fair value.			
B.6.	Financial assets designated at fair value held to meet obligations under deferred compensation plans	Fair value	1	Market value	Quoted market price	N/A		
B.9.	Investments in mutual funds	Fair value	1	Market value	Net asset value	N/A		
B.9.	Negotiable debt instruments, commercial paper, instant access deposits and term deposits	Amortized cost	N/A	N/A	Because these instruments have a maturity of less than 3 months, amortized cost is regarded as an acceptable approximation of fair value as disclosed in the notes to the consolidated financial statements.			
B.9.	Debt	Amortized cost (a)	N/A	N/A	In the case of debt with a maturity of less than 3 months, amortized cost is regarded as an acceptable approximation of fair value as reported in the notes to the consolidated financial statements. For debt with a maturity of more than 3 months, fair value as reported in the notes to the consolidated financial statements is determined either by reference to quoted market prices at the end of the reporting period (quoted instruments) or by discounting the future cash flows based on observable market data at the end of the reporting period (unquoted instruments).			
B.9.	Lease liabilities	Amortized cost	N/A	N/A	Future lease payments are discounted using the incremental borrowing rate.			
B.10.	Forward currency contracts	Fair value	2	Revenue-based approach	Present value of future cash flows	Mid Market Spot	< 1 year: Mid Money Market > 1 year: Mid Zero Coupon	N/A
B.10.	Interest rate swaps	Fair value	2		Present value of future cash flows	Mid Market Spot	< 1 year: Mid Money Market and LIFFE interest rate futures > 1 year: Mid Zero Coupon	N/A
B.10.	Cross-currency swaps	Fair value	2		Present value of future cash flows	Mid Market Spot	< 1 year: Mid Money Market and LIFFE interest rate futures > 1 year: Mid Zero Coupon	N/A
B.11.	Liabilities related to business combinations and to non-controlling interests	Fair value	3	Revenue-based approach	Under IAS 32, contingent consideration payable in a business combination is a financial liability. The fair value of such liabilities is determined by adjusting the contingent consideration at the end of the reporting period using the method described in Note B.11.			

(a) In the case of debt designated as a hedged item in a fair value hedging relationship, the carrying amount in the consolidated balance sheet includes changes in fair value attributable to the hedged risk(s).

A.6. NEW PRONOUNCEMENTS ISSUED BY THE IASB AND APPLICABLE FROM JULY 2021 OR LATER

On February 12, 2021, the IASB issued an amendment to IAS 1 concerning accounting policy disclosures, and an amendment to IAS 8 concerning the definition of accounting estimates. On May 7, 2021, the IASB issued an amendment to IAS 12 concerning deferred tax related to assets and liabilities arising from a single transaction. Sanofi does not expect any material impact from the application of these two amendments, which are effective (subject to endorsement by the European Union) as of January 1, 2023. Sanofi will not early adopt these amendments.

A.7. AGREEMENTS RELATING TO THE RECOMBINANT COVID-19 VACCINE CANDIDATE DEVELOPED BY SANOFI IN COLLABORATION WITH GSK

On May 27, 2021, Sanofi and GlaxoSmithKline (GSK) initiated an international Phase III trial to evaluate the efficacy of their COVID-19 vaccine candidate.

On December 15, 2021, Sanofi and GSK announced positive preliminary data on their COVID-19 booster vaccine candidate and indicated that their Phase III trial was to continue, based on recommendations from an independent monitoring board.

On February 23, 2022, Sanofi and GSK announced their intention to submit data from both their first-generation booster and Phase III efficacy trials as the basis for regulatory applications for a COVID-19 vaccine.

On June 13, 2022, Sanofi and GSK announced positive data from two clinical trials conducted with their next-generation COVID-19 booster vaccine candidate, demonstrating a strong immune response against COVID-19 variants of concern with a favorable safety and tolerability profile.

On June 24, 2022, Sanofi and GSK announced positive data from a trial of their next-generation COVID-19 booster vaccine candidate in the context of high circulation of the Omicron variant.

Sanofi and GSK have developed their next-generation booster candidate in parallel with ongoing regulatory reviews of their first-generation vaccine candidate. All the data supporting this next-generation booster vaccine will be submitted shortly to regulatory authorities, with the aim of making the vaccine available later this year.

As of June 30, 2022, those new stages in the development of the vaccine candidate have not altered substantially the funding commitments made by the United States during 2020, or the pre-orders placed by Canada, the United Kingdom or the European Union (see Note A.7. to the consolidated financial statements for the year ended December 31, 2021).

Sanofi has recognized the US government funding received as a deduction from the research and development expenses incurred, or from the acquisition cost of the property, plant and equipment acquired, in accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance).

The amount of government aid received from the US federal government and BARDA that was recognized as a deduction from development expenses was €215 million in the six months ended June 30, 2022, and €147 million in the year ended December 31, 2021.

Sanofi did not receive any further amounts during the first half of 2022 in respect of pre-order contracts entered into with Canada, the United Kingdom or the European Union.

A.8. Effects of climate change

Risks associated with climate change as assessed to date, and the commitments made by Sanofi on carbon neutrality and cutting greenhouse gas emissions, do not have a material impact on the financial statements.

A.9. War in Ukraine

The conflict triggered by the Russian invasion of Ukraine on February 24, 2022 has had no material direct or indirect impact on the financial statements for the six months ended June 30, 2022. Sanofi will continue to monitor the situation during the second half of 2022, and will update its estimates and assumptions accordingly. At this stage, Sanofi does not expect a material impact on its direct or indirect financial flows linked to its operations in Russia and Ukraine.

B/ SIGNIFICANT INFORMATION FOR THE FIRST HALF OF 2022

B.1. PRINCIPAL CHANGES IN SCOPE OF CONSOLIDATION IN THE PERIOD AND AMENDMENTS TO PRINCIPAL AGREEMENTS

B.1.1. Principal changes in scope of consolidation

Acquisition of Amunix Pharmaceuticals, Inc.

On February 8, 2022, Sanofi acquired the entire share capital of the immuno-oncology company Amunix Pharmaceuticals, Inc. (Amunix), thereby gaining access to Amunix's innovative ProXTEN™ technology and a promising pipeline of immunotherapies.

The acquisition price of Amunix comprises a fixed payment of €970 million, plus contingent consideration in the form of milestone payments based on attainment of certain future development objectives of up to $225 million, the fair value of which as of the acquisition date was €156 million. In accordance with IFRS 3, this contingent purchase consideration was recognized in ***Liabilities related to business combinations and non-controlling interests*** (see Note B.11.).

The provisional purchase price allocation led to the recognition of €612 million of goodwill, determined as follows:

(€ million)	Fair value at acquisition date
Other intangible assets	493
Other current and non-current assets and liabilities	(13)
Cash and cash equivalents	118
Deferred taxes, net	(84)
Net assets of Amunix	**514**
Goodwill	612
Purchase price	**1,126**

"Other intangible assets" comprise ProXTEN™, an innovative universal protease-releasable masking technology platform for the discovery and development of transformative cytokine therapies and T-cell engager (TCE) immunotherapies for patients with cancer.

Goodwill mainly represents the value of Amunix's upstream research and development pipeline of immuno-oncology therapies based on next-generation conditionally activated biologics, especially when combined with Sanofi's existing oncology portfolio.

The goodwill generated on this acquisition does not give rise to any deduction for income tax purposes.

Amunix has no commercial operations, and has made a negative contribution of €66 million to Sanofi's consolidated net income since the acquisition date.

Acquisition-related costs were recognized in profit or loss during 2021, primarily within the line item ***Other operating expenses***; the amount involved was immaterial.

The impact of this acquisition as reflected within the line item ***Acquisitions of consolidated undertakings and investments accounted for using the equity method*** in the consolidated statement of cash flows is a cash outflow of €852 million.

EUROAPI - Loss of control and accounting implications

On March 17, 2022, the Sanofi Board of Directors approved a decision to put to a shareholder vote the proposed distribution in kind of approximately 58% of the share capital of EUROAPI, thereby confirming Sanofi's commitment (announced in February 2020) to discontinue its active pharmaceutical ingredient operations. As part of the same corporate action and on the same date, Sanofi entered into an investment agreement with EPIC BPIFrance, which undertook to acquire from Sanofi - via the French Tech Souveraineté fund - a 12% equity interest in EUROAPI at a price not exceeding €150 million and to be determined on the basis of the volume weighted average price (VWAP) of EUROAPI shares on the Euronext Paris regulated market over the thirty-day period starting from the date of initial listing, i.e. May 6, 2022. On completion of those transactions, Sanofi holds an equity interest of 30.1% in EUROAPI, which it has undertaken to retain for at least two years from the date of the distribution, subject to the customary exceptions. With effect from that date, Sanofi exercises significant influence over EUROAPI as a result of (i) its equity interest, and (ii) having one representative on the EUROAPI Board of Directors.

On May 3, 2022, the General Meeting of Sanofi shareholders approved the decision of the Board of Directors to distribute approximately 58% of the share capital of EUROAPI in the form of an exceptional dividend in kind.

On May 10, 2022, the payment date of the dividend in kind in the days following the admission to listing of EUROAPI shares, those Sanofi shareholders who had retained their Sanofi shares received 1 EUROAPI share per 23 Sanofi shares, representing in total 57.88% of the share capital of EUROAPI. As of that date, Sanofi lost control over the EUROAPI entities, based on an assessment of the criteria specified in IFRS 10 ("Consolidated financial statements"). The assets and liabilities of EUROAPI, which since March 17, 2022 had been presented as assets and liabilities held for sale within the Sanofi statement of financial position in accordance with IFRS 5 ("Non-Current Assets Held for Sale"), were deconsolidated. In addition, because EUROAPI operations do not constitute a discontinued operation under IFRS 5, the

contribution from EUROAPI has not been presented within separate line items in the income statement and statement of cash flows or in information for prior comparative periods. The contribution of EUROAPI operations to the consolidated net sales of Sanofi in the year ended December 31, 2021 was €486 million.

The principal consequences of the deconsolidation of EUROAPI are described below:

- the derecognition of the carrying amount of all the assets and liabilities of EUROAPI, representing a net amount of €1,227 million as of May 10, 2022. This includes goodwill of €164 million, determined in accordance with IAS 36 ("Impairment of Assets"), which was historically allocated to the Pharmaceuticals cash generating unit (CGU), and which for the purposes of the deconsolidation was allocated using an alternative method based on the relative values of goodwill as of the date of consolidation (the "notional goodwill method"). That method was considered more appropriate to the capital-intensive nature of EUROAPI operations than the method based on the relative values of EUROAPI operations and the retained portion of the CGU;
- a reduction in ***Equity attributable to equity holders of Sanofi*** reflecting the distribution in kind, measured at €793 million based on the weighted average price of €14.58 per share as of the date of delivery of the EUROAPI shares to Sanofi shareholders and corresponding to the fair value of the distribution in accordance with IFRIC 17 ("Distribution of Non-Cash Assets to Owners");
- a cash inflow of €150 million from the divestment of 12% of the share capital of EUROAPI to EPIC BPIFrance as of the settlement date of the shares, i.e. June 17, 2022;
- the recognition in the statement of financial position, within the line item ***Investments accounted for using the equity method***, of the retained 30.1% equity interest in EUROAPI at an amount of €413 million, determined on the basis of the weighted average price of €14.58 per share and representing the fair value of the equity interest in accordance with IFRS 10;
- the reclassification within the net gain on deconsolidation of unrealized foreign exchange losses amounting to €35 million arising on EUROAPI subsidiaries, in accordance with IAS 21 ("The Effects of Changes in Foreign Exchange Rates");
- the recognition of transaction-related costs and of the effects of undertakings made under agreements entered into with EUROAPI setting out the principles and terms of the legal reorganization carried out ahead of the date of deconsolidation. The principal undertakings made to EUROAPI relate to compensation for:
  - environmental remediation obligations on non-operational chemical sites in France transferred to EUROAPI, amounting to €16.7 million; and
  - regulatory compliance costs relating to certain state-of-the-art active pharmaceutical ingredients of EUROAPI, capped at €15.0 million.

These elements collectively resulted in a pre-tax gain on deconsolidation of €10 million, presented within the line item ***Other gains and losses, and litigation*** in the income statement. The tax effect of the deconsolidation was a net gain of €102 million, presented within the line item ***Income tax expense*** in the income statement.

The cash impact of the deconsolidation of EUROAPI, presented within the line item ***Disposals of consolidated undertakings and investments accounted for using the equity method*** in the statement of cash flows, was a net cash inflow of €101 million.

Sanofi has entered into an agreement with EUROAPI for the manufacture and supply of active pharmaceutical ingredients, intermediates and other substances, which took effect on October 1, 2021 and expires five years after the loss of control. Under the terms of the agreement, Sanofi committed to target annual net sales of approximately €300 million for a list of specified active ingredients until the agreement expires in 2026. As of June 30, 2022, that commitment amounted to €1.2 billion.

With effect from the date of deconsolidation, the 30.1% equity interest in EUROAPI is accounted for using the equity method in accordance with IAS 28 ("Investments in Associates and Joint Ventures"), and the share of EUROAPI profits or losses arising from application of the equity method is excluded from "Business net income", the non-GAAP financial indicator used internally by Sanofi to measure the performance of its operating segments.

B.1.2. Amendments to principal agreements

Immuno-oncology (IO) collaboration agreements with Regeneron Pharmaceuticals Inc. (Regeneron)

In June 2022, Sanofi and Regeneron restructured their IO License and Collaboration Agreement (IO LCA), as signed in 2015 and amended in January 2018 and subsequently in September 2021. Under the terms of the Amended and Restated IO LCA, Regeneron holds exclusive worldwide licensing rights to Libtayo® with effect from July 1, 2022, clearance for the transaction having been obtained from the antitrust authorities on June 23, 2022.

In July 2022, Sanofi received an upfront payment of $900 million. In addition, Sanofi will receive a royalty of 11% on worldwide net sales of Libtayo®. The royalty income will be recognized in line with the pattern of sales of Libtayo®. Both the above items will be recognized within the income statement line item ***Other operating income*** with effect from July 1, 2022, the effective date of the agreement.

Sanofi will also be entitled to a regulatory milestone payment of $100 million, and to further sales-related milestone payments that could potentially reach $100 million over the next two years.

The Libtayo® intangible assets will be derecognized from the Sanofi balance sheet. As of June 30, 2022, those assets are presented within the line item ***Assets held for sale or exchange*** at a carrying amount of €226 million.

As part of the same transaction, a time-limited transitional services agreement was signed which includes manufacturing, distribution (for which Sanofi acts as agent), and promotion.

Collaboration agreements on human therapeutic antibodies with Regeneron Pharmaceuticals Inc. (Regeneron)

In June 2022, Sanofi signed an amendment to the antibody license and collaboration agreement with Regeneron which is effective July 1, 2022 (with retroactivity from April 1, 2022), whereby Sanofi is entitled to an additional portion of Regeneron's profit-share (cap increased from 10% to 20% of Regeneron's share of quarterly profits) until Regeneron has paid 50% of the cumulative development costs incurred by the parties in accordance with the antibody license and collaboration agreement. The accounting treatment of this profit share remains unchanged.

B.2. PROPERTY, PLANT AND EQUIPMENT

The table below sets forth acquisitions and capitalized interest by operating segment for the first half of 2022:

(€ million)	June 30, 2022	December 31, 2021
Acquisitions	**638**	**1,504**
Pharmaceuticals	380	1,007
Industrial facilities	*214*	*534*
Research sites	*48*	*277*
Other	*118*	*199*
Vaccines	241	421
Consumer Healthcare	17	73
Capitalized interest	**8**	**14**

Firm orders for property, plant and equipment stood at €984 million as of June 30, 2022.

B.3. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill amounted to €50,555 million as of June 30, 2022, versus €48,056 million as of December 31, 2021. The movement during the period was mainly due to the impact of changes in exchange rates and the acquisition of Amunix Pharmaceuticals, Inc. (see Note B.1.).

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

(€ million)	Acquired R&D	Products, trademarks and other rights	Software	Total other intangible assets
Gross value at January 1, 2022	**11,207**	**65,906**	**1,752**	**78,865**
Changes in scope of consolidation [(a)]	—	499	—	499
Acquisitions and other increases	138	86	50	274
Disposals and other decreases [(b)]	(30)	(396)	(42)	(468)
Currency translation differences	647	2,867	31	3,545
Transfers [(c)]	(1,338)	1,347	1	10
Gross value at June 30, 2022	**10,624**	**70,309**	**1,792**	**82,725**
Accumulated amortization and impairment at January 1, 2022	**(3,477)**	**(52,744)**	**(1,237)**	**(57,458)**
Amortization expense	—	(929)	(47)	(976)
Impairment losses, net of reversals [(d)]	(66)	(21)	—	(87)
Disposals and other decreases	30	166	14	210
Currency translation differences	(147)	(2,264)	(25)	(2,436)
Transfers [(c)]	375	(375)	—	—
Accumulated amortization and impairment at June 30, 2022	**(3,285)**	**(56,167)**	**(1,295)**	**(60,747)**
Carrying amount at January 1, 2022	**7,730**	**13,162**	**515**	**21,407**
Carrying amount at June 30, 2022	**7,339**	**14,142**	**497**	**21,978**

(a) Includes €493 million relating to the acquisition of Amunix Pharmaceutcials, Inc. (see Note B.1.).

(b) In June 2022, Sanofi granted Regeneron exclusive licensing rights to Libtayo® (cemiplimab), as a result of which the intangible asset was reclassified to "Assets held for sale or exchange" at a gross value of €348 million and associated accumulative amortization amount of €122 million (see Note B.1.).

(c) The principal intangible assets brought into service during the first half of 2022 were as follows:

– €473 million (gross value of €823 million with an impairment of €350 million) relating to Enjaymo® (sutimlimab-jome), a product for the treatment for cold agglutinin disease, with effect from the date of marketing approval (February 2022); and

– €483 million relating to technology platforms.

(d) See Note B.4.

Acquisitions of other intangible assets (excluding software) in the first half of 2022 totaled €224 million. The main items were upfront and milestone payments within the Specialty Care GBU.

"Products, trademarks and other rights" mainly comprises:

- marketed products, with a carrying amount of €11.7 billion as of June 30, 2022 (versus €11.7 billion as of December 31, 2021) and a weighted average amortization period of approximately 10 years; and
- technological platforms brought into service, with a carrying amount of €2.20 billion as of June 30, 2022 (versus €1.2 billion as of December 31, 2021) and a weighted average amortization period of approximately 18 years.

B.4. IMPAIRMENT OF INTANGIBLE ASSETS

The results of impairment tests on other intangible assets led to the recognition of an €87 million net impairment loss in the first half of 2022, mainly linked to research and development projects.

B.5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments accounted for using the equity method consist of associates and joint ventures (see Note B.1. to the consolidated financial statements for the year ended December 31, 2021), and comprise:

(€ million)	% interest	June 30, 2022	December 31, 2021
EUROAPI [(a)]	30.1	413	—
Infraserv GmbH & Co. Höchst KG [(b)]	31.2	87	80
MSP Vaccine Company [(c)]	50.0	115	88
Other investments	—	95	82
Total		**710**	**250**

(a) Following the distribution and the acquisition of an equity interest by EPIC Bpifrance, Sanofi holds 30.1% of the capital of EUROAPI (see Note B.1.)
(b) Joint venture.
(c) Joint venture. MSP Vaccine Company owns 100% of MCM Vaccine B.V.

The financial statements include commercial transactions between Sanofi and some equity-accounted investments that are classified as related parties. The principal transactions and balances with related parties are summarized below:

(€ million)	June 30, 2022	June 30, 2021	December 31, 2021
Sales	26	31	70
Royalties and other income	33	26	66
Accounts receivable and other receivables	110	66	116
Purchases and other expenses (including research expenses)	167	124	178
Accounts payable and other payables	89	17	28

B.6. OTHER NON-CURRENT ASSETS

Other non-current assets comprise:

(€ million)	June 30, 2022	December 31, 2021
Equity instruments at fair value through other comprehensive income	797	823
Debt instruments at fair value through other comprehensive income	355	447
Other financial assets at fair value through profit or loss	782	902
Pre-funded pension obligations	482	408
Long-term prepaid expenses [(a)]	249	59
Long-term loans and advances and other non-current receivables [(b)]	641	485
Derivative financial instruments	6	3
Total	**3,312**	**3,127**

[(a)] The movement in this item mainly comprises:

– the non-current portion of a $100 million upfront payment made on signature of a research agreement with Exscientia on January 7, 2022 to develop a portfolio of precision-engineered medicines using artificial intelligence; and

– the non-current portion of a $150 million upfront payment made as part of a strategic partnership with IGM Biosciences signed on March 29, 2022, with a view to developing targets in oncology, immunology and inflammation.

[(b)] As of June 30, 2022, this item includes a receivable under a sub-lease amounting to €184 million, or €244 million before discounting.

B.7. ACCOUNTS RECEIVABLE

Accounts receivable break down as follows:

(€ million)	June 30, 2022	December 31, 2021
Gross value	7,992	7,705
Allowances	(124)	(137)
Carrying amount	**7,868**	**7,568**

The impact of allowances against accounts receivable in the first half of 2022 was a net expense of less than €1 million (versus a net expense of €2 million for the first half of 2021).

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

(€ million)	Overdue accounts gross value	Overdue by <1 month	Overdue by 1-3 months	Overdue by 3-6 months	Overdue by 6-12 months	Overdue by > 12 months
June 30, 2022	323	98	97	131	(15)	12
December 31, 2021	455	169	151	67	12	56

Some Sanofi subsidiaries have assigned receivables to factoring companies or banks without recourse. The amount of receivables that met the conditions described in Note B.8.6. to the consolidated financial statements for the year ended December 31, 2021 and hence were derecognized was €660 million as of June 30, 2022 (versus €3 million as of December 31, 2021). The residual guarantees relating to those transfers were immaterial as of June 30, 2022.

B.8. CONSOLIDATED SHAREHOLDERS' EQUITY

B.8.1. SHARE CAPITAL

As of June 30, 2022, the share capital was €2,530,863,934 and consisted of 1,265,431,967 shares (the total number of shares outstanding) with a par value of €2.

Treasury shares held by Sanofi are as follows:

	Number of shares (million)	% of share capital for the period
June 30, 2022	13.43	1.061%
December 31, 2021	11.02	0.872%
June 30, 2021	8.25	0.655%
January 1, 2021	8.28	0.658%

A total of 371,285 shares were issued in the first half of 2022 as a result of the exercise of Sanofi stock subscription options.

A total of 1,499,987 shares vested under Sanofi restricted share plans during the first half of 2022, either by issuance of new shares or by vesting of existing restricted shares.

B.8.2. REPURCHASE OF SANOFI SHARES

On April 30, 2021, the Annual General Meeting of Sanofi shareholders authorized a share repurchase program for a period of 18 months. Under that program, Sanofi repurchased 3,976,992 of its own shares during the first half of 2022 for a total amount of €360 million.

On May 3, 2022, the Annual General Meeting of Sanofi shareholders authorized a share repurchase program for a period of 18 months. Sanofi did not use that authorization during the first half of 2022.

B.8.3. REDUCTIONS IN SHARE CAPITAL

No decision to cancel treasury shares was made by the Sanofi Board of Directors during the first half of 2022.

B.8.4. RESTRICTED SHARE PLANS

Restricted share plans are accounted for in accordance with the policies described in Note B.24.3. to the consolidated financial statements for the year ended December 31, 2021. The principal features of the plans awarded in 2022 are set forth below:

	2022
Type of plan	Performance share plan
Date of Board meeting approving the plan	May 3, 2022
Total number of shares subject to a 3-year service period	3,344,432
Of which with no market condition	2,000,627
Fair value per share awarded [(a)]	€91.19
Of which with market conditions	1,343,805
Fair value per share awarded other than to the Chief Executive Officer (1,146,431 shares in total) [(b)]	€86.65
Fair value per share awarded other than to the Chief Executive Officer (114,874 additional shares) [(c)]	€49.00
Fair value per share awarded to the Chief Executive Officer (82,500 shares) [(b)]	€84.46
Fair value of plan at the date of grant (€ million)	**294**

(a) Quoted market price per share at the date of grant, adjusted for dividends expected during the vesting period.
(b) Weighting between (i) fair value determined using the Monte Carlo model and (ii) market price of Sanofi shares at the date of grant, adjusted for dividends expected during the vesting period.
(c) Additional tranche subject to a higher level of market conditions.

The total expense recognized for all restricted share plans, and the number of restricted shares not yet fully vested, are shown in the table below:

	June 30, 2022	June 30, 2021
Total expense for restricted share plans (€ million)	105	83
Number of shares not yet fully vested	9,559,052	9,996,495
Under 2022 plans	*3,341,379*	—
Under 2021 plans	*3,281,880*	*3,484,420*
Under 2020 plans	*2,935,793*	*3,175,084*
Under 2019 plans	—	*3,252,099*
Under 2018 plans	—	*84,892*

B.8.5. CAPITAL INCREASES

On February 3, 2022, the Sanofi Board of Directors approved a capital increase reserved for employees, offering the opportunity for them to subscribe for new Sanofi shares at a price of €80.21 per share. The subscription period was open from June 9 through June 29, 2022. Sanofi employees subscribed for a total of 1,909,008 shares, and this capital increase was supplemented by the immediate issuance of a further 118,049 shares for the employer's contribution. The total expense recognized for this capital increase in the first half of 2022 was €39 million, determined in accordance with IFRS 2 (Share-Based Payment) on the basis of the discount granted to the employees.

On February 4, 2021, the Sanofi Board of Directors approved a capital increase reserved for employees, offering the opportunity for them to subscribe for new Sanofi shares at a price of €69.38 per share. The subscription period was open from June 7 through June 25, 2021. Sanofi employees subscribed for a total of 2,438,590 shares, and this capital increase was supplemented by the immediate issuance of a further 124,112 shares for the employer's contribution. The total expense recognized for this capital increase in the first half of 2021 was €51 million, determined in accordance with IFRS 2 (Share-Based Payment) on the basis of the discount granted to the employees.

B.8.6. STOCK SUBSCRIPTION OPTION PLANS

No stock subscription option plans were awarded in the first half of 2022 or 2021.

The expense recognized through equity for stock option plans is immaterial.

The table below provides summary information about options outstanding and exercisable as of June 30, 2022:

	Outstanding			Exercisable	
Range of exercise prices per share	Number of options	Weighted average residual life (years)	Weighted average exercise price per share (€)	Number of options	Weighted average exercise price per share (€)
From €60.00 to €70.00 per share	168,784	5.84	65.84	168,784	65.84
From €70.00 to €80.00 per share	1,181,369	2.94	74.40	967,969	73.89
From €80.00 to €90.00 per share	606,904	3.82	89.20	606,904	89.20
Total	**1,957,057**			**1,743,657**	

B.8.7. NUMBER OF SHARES USED TO COMPUTE DILUTED EARNINGS PER SHARE

Diluted earnings per share is computed using the number of shares outstanding plus stock options with dilutive effect and restricted shares.

(million)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
Average number of shares outstanding	1,250.0	1,250.3	1,252.5
Adjustment for stock options with dilutive effect	0.4	0.3	0.3
Adjustment for restricted shares	4.9	5.0	5.1
Average number of shares used to compute diluted earnings per share	**1,255.3**	**1,255.6**	**1,257.9**

As of June 30, 2022, all stock options were dilutive.

As of December 31, 2021, 0.6 million stock options were not taken into account in computing diluted earnings per share because they had no dilutive effect, compared with 0.6 million as of June 30, 2021.

B.8.8. OTHER COMPREHENSIVE INCOME

Movements within other comprehensive income are shown below:

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months) (a)	December 31, 2021 (12 months)
Actuarial gains/(losses):			
▪ Actuarial gains/(losses) excluding investments accounted for using the equity method	1,110	309	685
▪ Actuarial gains/(losses) of investments accounted for using the equity method, net of taxes	—	—	1
▪ Tax effects	(333)	(6)	(36)
Equity instruments included in financial assets and financial liabilities:			
▪ Change in fair value (excluding investments accounted for using the equity method)	(3)	70	154
▪ Change in fair value (investments accounted for using the equity method, net of taxes)	—	—	—
▪ Equity risk hedging instruments designated as fair value hedges	16	(3)	11
▪ Tax effects	(3)	(4)	(18)
Items not subsequently reclassifiable to profit or loss	**787**	**366**	**797**
Debt instruments included in financial assets:			
▪ Change in fair value (excluding investments accounted for using the equity method) (b)	(52)	(17)	(21)
▪ Change in fair value (investments accounted for using the equity method, net of taxes)	—	—	—
▪ Tax effects	8	4	5
Cash flow hedges and fair value hedges:			
▪ Change in fair value (excluding investments accounted for using the equity method) (c)	(17)	(4)	(6)
▪ Change in fair value (investments accounted for using the equity method, net of taxes)	—	—	—
▪ Tax effects	4	—	2
Change in currency translation differences:			
▪ Currency translation differences on foreign subsidiaries (excluding investments accounted for using the equity method) (d)	3,775	1,171	2,719
▪ Currency translation differences (investments accounted for using the equity method)	(11)	(3)	(6)
▪ Hedges of net investments in foreign operations	(329)	(107)	(254)
▪ Tax effects	85	30	71
Items subsequently reclassifiable to profit or loss	**3,463**	**1,074**	**2,510**

(a) Includes the impacts of the IFRIC agenda decisions of March 2021 (on the costs of configuration and customization of software used under a SaaS contract) and of April 2021 (on the attribution of benefits to periods of service), as described in note A.2.1. to the consolidated financial statements for the year ended December 31, 2021. These impacts are not significant for Sanofi as of June 30, 2021.

(b) Includes reclassifications to profit or loss: €2 million in the first half of 2022, and €4 million in 2021.

(c) Includes reclassifications to profit or loss: €17 million in the first half of 2022, and €12 million in 2021 (including €4 million in the first half of 2021).

(d) Currency translation differences on foreign subsidiaries are mainly due to the appreciation of the US dollar.
Includes a reclassification to profit or loss of -€35 million in the first half of 2022 in relation to the deconsolidation of EUROAPI (see Note B.1.).

B.9. DEBT, CASH AND CASH EQUIVALENTS

Changes in financial position during the period were as follows:

(€ million)	June 30, 2022	December 31, 2021
Long-term debt	15,942	17,123
Short-term debt and current portion of long-term debt	3,063	3,183
Interest rate and currency derivatives used to manage debt	198	(56)
Total debt	**19,203**	**20,250**
Cash and cash equivalents	(6,899)	(10,098)
Interest rate and currency derivatives used to manage cash and cash equivalents	(114)	(169)
Net debt (a)	**12,190**	**9,983**

(a) Net debt does not include lease liabilities, which amounted to €2,231 million as of June 30, 2022 and €2,108 million as of December 31, 2021.

"Net debt" is a financial indicator used by management and investors to measure Sanofi's overall net indebtedness.

B.9.1. NET DEBT AT VALUE ON REDEMPTION

A reconciliation of the carrying amount of net debt in the balance sheet to value on redemption as of June 30, 2022 is shown below:

				Value on redemption	
(€ million)	Carrying amount at June 30, 2022	Amortized cost	Adjustment to debt measured at fair value	June 30, 2022	December 31, 2021
Long-term debt	15,942	57	134	16,133	17,176
Short-term debt and current portion of long-term debt	3,063	(3)	3	3,063	3,183
Interest rate and currency derivatives used to manage debt	198	—	(137)	61	(45)
Total debt	**19,203**	**54**	**—**	**19,257**	**20,314**
Cash and cash equivalents	(6,899)	—	—	(6,899)	(10,098)
Interest rate and currency derivatives used to manage cash and cash equivalents	(114)	—	—	(114)	(169)
Net debt (a)	**12,190**	**54**	**—**	**12,244**	**10,047**

(a) Net debt does not include lease liabilities, which amounted to €2,231 million as of June 30, 2022 and €2,108 million as of December 31, 2021.

The table below shows an analysis of net debt by type, at value on redemption:

	June 30, 2022			December 31, 2021		
(€ million)	non-current	current	Total	non-current	current	Total
Bond issues	16,064	2,791	18,855	17,118	2,828	19,946
Other bank borrowings	69	119	188	21	163	184
Other borrowings	—	4	4	37	3	40
Bank credit balances	—	149	149	—	189	189
Interest rate and currency derivatives used to manage debt	—	61	61	—	(45)	(45)
Total debt	**16,133**	**3,124**	**19,257**	**17,176**	**3,138**	**20,314**
Cash and cash equivalents	—	(6,899)	(6,899)	—	(10,098)	(10,098)
Interest rate and currency derivatives used to manage cash and cash equivalents	—	(114)	(114)	—	(169)	(169)
Net debt	**16,133**	**(3,889)**	**12,244**	**17,176**	**(7,129)**	**10,047**

Principal financing and debt reduction transactions during the period

In April 2022, Sanofi carried out a bond issue of a total amount of €1.5 billion, in two tranches:

i. €850 million of fixed-rate bonds maturing April 2025, bearing annual interest at 0.875%; and

ii. €650 million of fixed-rate bonds maturing April 2029, bearing annual interest at 1.250%, with the amount of interest contingent on attainment of a sustainable performance objective defined as the cumulative number of patients (minimum: 1.5 million patients) provided with essential medicines by Sanofi's non-profit global health unit for the treatment of non-communicable diseases in 40 of the world's poorest countries, between 2022 and 2026.

Three bond issues were redeemed during the first half of 2022:

i. a September 2014 fixed-rate bond issue of €1 billion redeemed on January 10, 2022, ahead of the contractual maturity date;

ii. a March 2019 fixed-rate bond issue of €850 million redeemed on February 21, 2022, ahead of the contractual maturity date; and

iii. a September 2016 fixed-rate bond issue of €850 million redeemed on June 13, 2022, ahead of the contractual maturity date.

Sanofi had the following arrangements in place as of June 30, 2022 to manage its liquidity in connection with current operations:

i. a syndicated credit facility of €4 billion, drawable in euros and in US dollars, the maturity of which was extended to December 3, 2023 following the exercise of a second extension option in June 2022, and for which no further extension options are available; and

ii. a syndicated credit facility of €4 billion, drawable in euros and in US dollars, the maturity of which was extended to December 7, 2026 following the exercise of a second extension option in October 2021, and for which a further one-year extension option is still available.

As of June 30, 2022, there were no drawdowns under either facility.

Sanofi also has a €6 billion Negotiable European Commercial Paper program in France and a $10 billion Commercial Paper program in the United States. During the first half of 2022 only the US program was used, with an average drawdown of $2.2 billion.

The financing in place as of June 30, 2022 at the level of the holding company (which manages most of Sanofi's financing needs centrally) is not subject to any financial covenants, and contains no clauses linking credit spreads or fees to the credit rating.

B.9.2. MARKET VALUE OF NET DEBT

The market value of Sanofi's debt, net of cash and cash equivalents and derivatives and excluding accrued interest, is as follows:

(€ million)	June 30, 2022	December 31, 2021
Market value	11,511	11,024
Value on redemption	12,244	10,047

B.10. DERIVATIVE FINANCIAL INSTRUMENTS

B.10.1 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			Of which derivatives designated as cash flow hedges [a]			Of which derivatives not eligible for hedge accounting	
(€ million)	Notional amount	Fair value	Notional amount	Fair value	Of which recognized in equity	Notional amount	Fair value
Forward currency sales	**5,290**	**(32)**	**858**	**(2)**	**(2)**	**4,432**	**(30)**
of which US dollar	*2,597*	*(21)*	*858*	*(2)*	*(2)*	*1,739*	*(19)*
of which Chinese yuan renminbi	*766*	*(9)*	*–*	*–*	*–*	*766*	*(9)*
of which Singapore dollar	*241*	*(1)*	*–*	*–*	*–*	*241*	*(1)*
of which Japanese yen	*199*	*5*	*–*	*–*	*–*	*199*	*5*
of which Korean won	*163*	*5*	*–*	*–*	*–*	*163*	*5*
Forward currency purchases	**2,461**	**9**	**–**	**–**	**–**	**2,461**	**9**
of which US dollar	*1,118*	*8*	*–*	*–*	*–*	*1,118*	*8*
of which Singapore dollar	*563*	*2*	*–*	*–*	*–*	*563*	*2*
of which Korean won	*125*	*(2)*	*–*	*–*	*–*	*125*	*(2)*
of which Canadian dollar	*56*	*—*	*–*	*–*	*–*	*56*	*–*
of which Japanese yen	*51*	*—*	*–*	*–*	*–*	*51*	*–*
Total	**7,751**	**(23)**	**858**	**(2)**	**(2)**	**6,893**	**(21)**

The above positions mainly hedge material foreign currency cash flows arising after the end of the reporting period in relation to transactions carried out during the six months ended June 30, 2022 and recognized in the balance sheet at that date. Gains and losses on hedging instruments (forward contracts) are calculated and recognized in parallel with the recognition of gains and losses on the hedged items. Due to this hedging relationship, the commercial foreign exchange difference on those items (hedging instruments and hedged transactions) will be immaterial in the second half of 2022.

(a) Forward currency sales with a notional amount of $900 million, designated as a cash flow hedge of the upfront payment due from Regeneron in July 2022 under the terms of the Amended and Restated Immuno-Oncology License and Collaboration Agreement between Sanofi and Regeneron (see Note B.1.). As of June 30, 2022, the fair value of these contracts was a liability of €2 million; the opposite entry was recognized in "Other comprehensive income", with the impact on the operating foreign exchange gain or loss for the period being immaterial.

B.10.2. CURRENCY AND INTEREST RATE DERIVATIVES USED TO MANAGE FINANCIAL EXPOSURE

The cash pooling arrangements for foreign subsidiaries outside the euro zone, and some of Sanofi's financing activities, expose certain Sanofi entities 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).

That foreign exchange exposure is hedged using derivative instruments (currency swaps or forward contracts) that alter the currency split of Sanofi's debt once those instruments are taken into account.

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.

(€ million)	June 30, 2022 Notional amount	Fair value	Maximum expiry date
Forward currency sales	**8,271**	**(117)**	
of which US dollar	*5,609* [(a)]	*(55)*	*2022*
of which Singapore dollar	*1,235* [(b)]	*(39)*	*2022*
of which Pound sterling	*309*	*—*	*2022*
Forward currency purchases	**11,006**	**158**	
of which US dollar	*6,429* [(c) (d)]	*52*	*2023*
of which Singapore dollar	*3,562* [(e)]	*108*	*2023*
of which Japanese yen	*468*	*(3)*	*2022*
Total	**19,277**	**41**	

(a) Includes forward sales with a notional amount of $3,615 million expiring in 2022, designated as a hedge of Sanofi's net investment in Bioverativ. As of June 30, 2022, the fair value of these forward contracts represented a liability of €22 million; the opposite entry was recognized in "Other comprehensive income", with the impact on financial income and expense being immaterial.

(b) Includes forward sales with a notional amount of SGD1,800 million expiring in 2022, designated as a hedge of Sanofi's net investment in Sanofi-Aventis Singapore Pte Ltd. As of June 30, 2022, the fair value of these forward contracts represented a liability of €39 million; the opposite entry was recognized in "Other comprehensive income", with the impact on financial income and expense being immaterial.

(c) Includes forward purchases with a notional amount of $1,000 million expiring in 2023, designated as a fair value hedge of $1,000 million of USD bond issues against fluctuations in the EUR/USD spot rate. As of June 30, 2022, the fair value of these contracts represented an asset of €7 million, with €5 million debited to "Other comprehensive income" to recognize the hedging cost.

(d) Includes forward purchases with a notional amount of $1,000 million expiring in 2023, designated as fair value hedges of an equivalent portion of an intra-group current account against fluctuations in the EUR/USD rate. As of June 30, 2022, the fair value of these contracts represented an asset of €2 million, with €3.5 million debited to "Other comprehensive income" to recognize the hedging cost. .

(e) Includes forward purchases with a notional amount of SGD2,500 million expiring in 2022 and 2023, designated as fair value hedges of an equivalent portion of an intra-group current account against fluctuations in the EUR/SGD rate. As of June 30, 2022, the fair value of these contracts represented an asset of €57 million, with €8 million debited to "Other comprehensive income" to recognize the hedging cost.

To optimize the cost of debt or reduce the volatility of debt, Sanofi uses derivative instruments (interest rate swaps and cross currency swaps) to alter the fixed/floating rate split of its net debt.

The table below shows instruments of this type in place as of June 30, 2022:

(€ million)	2022	2023	2024	2025	2026 and beyond	Total	Fair value	Of which designated as fair value hedges: Notional amount	Of which designated as fair value hedges: Fair value	Of which designated as cash flow hedges: Notional amount	Of which designated as cash flow hedges: Fair value	Of which designated as cash flow hedges: Of which recognized in equity
Interest rate swaps												
pay capitalized Ester / receive 0.06%	2,000	—	—	—	—	2,000	3	1,400	2	—	—	—
pay -0.57% / receive capitalized Ester	600	—	—	—	—	600	3	—	—	—	—	—
pay capitalized SOFR USD / receive 1.03%	—	—	—	—	477	477	(47)	477	(47)	—	—	—
pay capitalized SOFR USD / receive 1.32%	—	—	—	—	440	440	—	440	—	—	—	—
pay capitalized Ester / receive 0.69%	—	—	—	850	—	850	—	850	—	—	—	—
pay capitalized Ester / receive 0.92%	—	—	—	—	650	650	—	650	—	—	—	—
receive capitalized Eonia / pay 1.58% [(a)]	23	57	—	—	—	80	(1)	80	(1)	—	—	—
Total	**2,623**	**57**	**—**	**850**	**1,604**	**5,134**	**(125)**	**3,934**	**(129)**	**—**	**—**	**—**

(a) These interest rate swaps hedge fixed-rate bonds with a nominal amout of €80 million held in a Professional Specialized Investment Fund dedicated to Sanofi and recognized within "Loans, advances and other non-current receivables".

B.11. LIABILITIES RELATED TO BUSINESS COMBINATIONS AND TO NON-CONTROLLING INTERESTS

For a description of the nature of the liabilities reported in the line item ***Liabilities related to business combinations and to non-controlling interests***, refer to Note B.8.4. to the consolidated financial statements for the year ended December 31, 2021.

The liabilities related to business combinations and to non-controlling interests shown in the table below are level 3 instruments under the IFRS 7 fair value hierarchy (see Note A.5.).

Movements in liabilities related to business combinations and to non-controlling interests in the first half of 2022 are shown below:

(€ million)	Bayer contingent consideration arising from acquisition of Genzyme	MSD contingent consideration (European Vaccines business)	Shire contingent consideration arising from acquisition of Translate Bio	Contingent consideration arising from acquisition of Amunix	Other	Total [a]
Balance at January 1, 2022	**59**	**269**	**354**	**—**	**32**	**714**
New transactions [b]	—	—	—	156	2	158
Payments made	(16)	(78)	—	—	(29)	(123)
Fair value remeasurements through profit or loss: (gain)/loss (including unwinding of discount) [c]	1	8	15	1	—	25
Other movements	—	—	—	—	6	6
Currency translation differences	6	1	31	14	—	52
Balance at June 30, 2022	**50**	**200**	**400**	**171**	**11**	**832**
Of which:						
• **Current portion**						**90**
• **Non-current portion**						**742**

(a) As of January 1, 2022, this comprised a non-current portion of €577 million and a current portion of €137 million.
(b) See Note B.1.
(c) Amounts mainly reported within the income statement line item "Fair value remeasurement of contingent consideration".

As of June 30, 2022, ***Liabilities related to business combinations and to non-controlling interests*** mainly comprised:

- The Bayer contingent consideration liability arising from the acquisition of Genzyme in 2011. As of June 30, 2022, Bayer was still entitled to receive the following potential payments:

– a percentage of sales of alemtuzumab up to a maximum of $1,250 million or over a maximum period of 10 years, whichever is achieved first;

– milestone payments based on specified levels of worldwide sales of alemtuzumab beginning in 2021.

The fair value of this liability was measured at €50 million as of June 30, 2022, versus €59 million as of December 31, 2021. The fair value of the Bayer liability is determined by applying the above contractual terms to sales projections which have been weighted to reflect the probability of success, and discounted. If the discount rate were to fall by one percentage point, the fair value of the Bayer liability would increase by approximately 1%.

- The MSD contingent consideration liability arising from the 2016 acquisition of the Sanofi Pasteur activities carried on within the former Sanofi Pasteur MSD joint venture, which amounted to €200 million as of June 30, 2022 versus €269 million as of December 31, 2021. The fair value of this contingent consideration is determined by applying the royalty percentage stipulated in the contract to discounted sales projections. If the discount rate were to fall by one percentage point, the fair value of the MSD contingent consideration would increase by approximately 2%.
- The contingent consideration liability towards Shire Human Genetic Therapies Inc. (Shire) arising from Sanofi's acquisition of Translate Bio in September 2021. The fair value of the Shire liability is determined by applying the contractual terms to development and sales projections that are weighted to reflect the probability of success, and discounted. The liability was measured at €400 million as of June 30, 2022, compared with €354 million as of December 31, 2021. If the discount rate were to fall by one percentage point, the fair value of the Shire liability would increase by approximately 14%.
- The contingent consideration liability arising from the 2022 acquisition of Amunix. The fair value of the liability is determined on the basis of the nominal value of payments due subject to the attainment of specified development milestones; these are weighted to reflect the probability of success, and discounted. The liability was measured at €171 million as of June 30, 2022. If the discount rate were to fall by one percentage point, the fair value of the Shire liability would increase by approximately 2%.

B.12. NON-CURRENT PROVISIONS

The table below shows movements in provisions:

(€ million)	Provisions for pensions & other post-employment benefits	Provisions for other long-term benefits	Restructuring provisions	Other provisions	Total
Balance at January 1, 2022	**2,947**	**935**	**524**	**2,024**	**6,430**
Changes in scope of consolidation	(92)	(26)	—	(81)	(199)
Increases in provisions and other liabilities	91	19	522 [(a)]	194	826
Provisions utilized	(56)	(73)	(4)	(63)	(196)
Reversals of unutilized provisions	(82)	(44)	(1)	(52)	(179)
Transfers	5	6	(72)	(25)	(86)
Net interest related to employee benefits, and unwinding of discount	24	2	—	5	31
Currency translation differences	77	34	2	41	154
Actuarial gains and losses on defined-benefit plans	(1,021)	—	—	—	(1,021)
Balance at June 30, 2022	**1,892**	**854**	**971**	**2,043**	**5,760**

(a) Charges to restructuring provisions relate to severance benefits further to announcements made by Sanofi during the first half.

Provisions for pensions and other post-employment benefits

For an analysis of the sensitivity of obligations in respect of pensions and other employee benefits as of December 31, 2021, and of the assumptions used as of that date, see Note D.19.1. to the consolidated financial statements for the year ended December 31, 2021.

The principal assumptions used (in particular, changes in discount and inflation rates and in the market value of plan assets) for the euro zone, the United States and the United Kingdom were reviewed as of June 30, 2022 to take into account changes during the first half of the year.

Actuarial gains and losses arising on pensions and other post-employment benefits and recognized in equity are as follows (amounts reported before tax):

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
Actuarial gains/(losses) on plan assets	(1,292)	(24)	194
Actuarial gains/(losses) on benefit obligations	2,402 [(a)]	333 [(b)]	491

(a) Includes the effects of (i) the change in discount rates (in a range between +1.70% and +2.30%) and (ii) the change in the inflation rate in the United Kingdom (-0.15%) and in the Eurozone (+0.35%) in the first half of 2022.

(b) Includes the effects of (i) the change in discount rates (in a range between +0.50% and +0.30%) and (ii) the change in the inflation rate in the United Kingdom (+0.20%) and in the Eurozone (+0.25%) in the first half of 2021.

B.13. OFF BALANCE SHEET COMMITMENTS

Off balance sheet commitments to third parties as of December 31, 2021 are presented in Note D.21.1. to the consolidated financial statements for the year ended December 31, 2021.

The principal commitments entered into, amended or discontinued during the period are described below:

- On January 7, 2022, Sanofi entered into a license agreement and innovative research collaboration with Exscientia to develop up to 15 novel small molecule candidates across oncology and immunology, leveraging Exscientia's end-to-end AI-driven platform utilizing actual patient samples. Under the terms of the agreement, Sanofi made an upfront payment of $100 million and could pay up to $5.2 billion contingent on the attainment of certain objectives.
- On January 12, 2022, Sanofi entered into a licensing agreement with ABL Bio for the development of ABL301, a bispecific antibody targeting alpha-synuclein and intended as a treatment for alpha-synucleinopathies. Under the terms of the agreement, Sanofi paid ABL Bio $75 million upfront, and could make potential milestone payments of up to approximately $985 million contingent on the attainment of certain objectives.
- On March 2, 2022, Sanofi entered into a collaboration and exclusive license agreement with Adagene Inc., a company transforming the discovery and development of antibody-based therapies. Under the terms of the agreement, Sanofi made an upfront payment of $17.5 million and could pay up to $2.5 billion contingent on the attainment of certain objectives.
- On March 15, 2022, Sanofi entered into a strategic risk-sharing collaboration with Blackstone under which funds managed by Blackstone Life Sciences (BXLS) will contribute up to €300 million to accelerate the global pivotal studies and clinical development program for the subcutaneous formulation and delivery of the anti-CD38 antibody Sarclisa®, to treat patients with multiple myeloma. That amount will be paid to Sanofi on the basis of development expenses incurred. In addition, Sanofi may pay royalties on future sales of this solution.
- On March 29, 2022, Sanofi entered into an exclusive collaboration agreement with IGM Biosciences, Inc. to create, develop, manufacture and commercialize IgM antibody agonists against three oncology targets and three immunology/inflammation targets. Under the terms of the agreement, IGM received an upfront payment of $150 million and could receive up to $6.2 billion for milestones in the development, regulatory approval and sales of each target.

B.14. LITIGATION AND ARBITRATION PROCEEDINGS

Sanofi and its affiliates are involved in litigation, arbitration and other legal proceedings. These proceedings typically are related to product liability claims, intellectual property rights (particularly claims against generic companies seeking to limit the patent protection of Sanofi products), competition law and trade practices, commercial claims, employment and wrongful discharge claims, tax assessment claims, waste disposal and pollution claims, and claims under warranties or indemnification arrangements relating to business divestitures.

The matters discussed below constitute the most significant developments since publication of the disclosures concerning legal proceedings in the Company's financial statements for the year ended December 31, 2021.

B.14.1. PRODUCTS

TAXOTERE® PRODUCT LITIGATION IN THE US

The first bellwether trial was reversed by the 5th Circuit Court of Appeals and remanded for a new trial. The new trial date was set for September 12, 2022. However, in June 2022, the parties settled that one case and the trial date has been removed.

ZANTAC® PRODUCT LITIGATION IN THE US

The US Zantac® litigation is venued in the federal MDL (Multi-District Litigation), as well as several state courts around the country. A trial involving Sanofi, as well as the other brand defendants, has been scheduled for one of the cases proceeding in California State Court for February 2023.

DEPAKINE® PRODUCT LITIGATION IN FRANCE

Civil Proceedings

On May 12, 2022, the Judicial Tribunal of Nanterre ruled that the product was defective by lack of information on the risks in the Patient Information Leaflet (PIL) available in 2005. With respect to the damages claimed, the Tribunal has retained a loss of opportunity of 70%. Provisional compensation of approximately €450,000 has been ordered and executed. However, Sanofi and its insurers will appeal this decision.

Several other first instance decisions on the merits are expected by end of August 2022.

Criminal Investigation

On March 9, 2022, the *Chambre de l'Instruction* of the Appeal Court of Paris ruled that certain complaints for involuntary manslaughter and several others for aggravated deception and involuntary injuries were time-barred. The Public Prosecutor, as well as the civil parties, have brought the matter before the *Chambre Criminelle* of the Supreme Court. .

DEPAKINE® PRODUCT LITIGATION IN OTHER EU COUNTRIES

On March 17, 2022, the First Instance Court of Madrid retained Sanofi's liability for failure of its duty to inform in cases related to children exposed in utero born in 2002, 2003 and 2004 and suffering from neuro-developmental disorders. Sanofi's insurers have been condemned to pay damages to the 3 claimants in the range of approximately 3M€ in total (including accrued interests). An appeal has been filed.

B.14.2. PATENTS

DUPIXENT® (DUPILUMAB)-RELATED AMGEN PATENT OPPOSITION AND REVOCATION IN EUROPE

In March 2022, the European Patent Office Technical Board of Appeals ("TBA") ruled in Sanofi and Regeneron's favor and affirmed the invalidation of Amgen/Immunex's EP2990420 patent. Amgen/Immunex may seek review of this decision by the Enlarged Board of Appeals.

In March 2022, Amgen/Immunex withdrew its appeal to the TBA for its EP2292665 patent; this patent will remain invalidated.

Given the final invalidation of the Amgen/Immunex EP2292665 patent, the UK High Court matter is now closed.

JEVTANA® (CABAZITAXEL)-RELATED PATENT LITIGATION IN THE US

In May 2022, the court held an oral hearing on the motion to dismiss filed by Apotex and Sandoz. A 3-day trial has been scheduled for January 2023. In April 2022, Sanofi, Aurobindo Pharma and Eugia Pharma entered into a settlement agreement.

B.14.3. OTHER LITIGATION

PLAVIX® (clopidogrel) - ATTORNEY GENERAL ACTION IN HAWAII

On May 3, 2022, the Hawaii Supreme Court granted a request to transfer the appeal directly to the Hawaii Supreme Court, thereby eliminating review by the Hawaii intermediate Court of Appeals.

PLAVIX® (clopidogrel) - ATTORNEY GENERAL ACTION IN NEW MEXICO

A trial date has been set for January 3, 2023.

340-B DRUG PRICING PROGRAM IN THE UNITED STATES

In the ADR proceeding before the Health Resources and Services Administration ("HRSA") filed in January 2021 by the National Association of Community Health Centers ("NACHC") on behalf of a number of Covered Entities, Sanofi has moved to dismiss the petition.

B.15. OTHER OPERATING INCOME AND EXPENSES

Other operating income amounted to €416 million in the first half of 2022 (versus €410 million in the first half of 2021), and ***Other operating expenses*** to €1,204 million (versus €709 million in the first half of 2021).

The main items included in ***Other operating income*** were: in the first half of 2022, (i) income from pharmaceutical partners of €153 million (versus €100 million in the first half of 2021), of which €133 million came from Regeneron (versus €88 million in the first half of 2021, see table below) and (ii) gains on disposals of assets and operations of €288 million, primarily on divestments of non strategic products (versus €156 million in the first half of 2021); and in 2021, a payment of €119 million from Daiichi Sankyo relating to the ending of a collaboration on vaccines in Japan.

Other operating expenses for the first half of 2022 included €1,201 million of expenses relating to the alliance with Regeneron (versus €643 million in the first half of 2021), as shown in the table below.

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
Income & expense related to profit/loss sharing under the Monoclonal Antibody Alliance	(979)	(521)	(1,253)
Additional share of profit paid by Regeneron towards development costs	97	51	127
Reimbursement to Regeneron of selling expenses incurred	(216)	(116)	(303)
Total: Monoclonal Antibody Alliance	**(1,098)**	**(586)**	**(1,429)**
Immuno-Oncology Alliance	**36**	**37**	**68**
Other (mainly Zaltrap®)	**(6)**	**(6)**	**(12)**
Other operating income/(expenses), net related to Regeneron Alliance	**(1,068)**	**(555)**	**(1,373)**
of which amount presented in "Other operating income"	**133**	**88**	**195**

B.16. RESTRUCTURING COSTS AND SIMILAR ITEMS

Restructuring costs and similar items comprise the following:

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months) [(b)]	December 31, 2021 (12 months)
Employee-related expenses	524	72	193
Charges, gains or losses on assets[(a)]	(2)	65	110
Compensation for early termination of contracts (other than contracts of employment)	—	10	34
Costs of transformation programs	266	188	463
Other restructuring costs	4	8	20
Total	**792**	**343**	**820**

(a) This line consists of impairment losses and accelerated depreciation charges related to site closures (including leased sites), and gains or losses on divestments of assets arising from reorganization decisions made by Sanofi.

(b) Includes the impacts of the IFRIC final agenda decisions of March 2021 on the costs of configuring or customising application software used in a Software as a Service (SaaS) arrangement, as described in Note A.2.1 to the consolidated financial statements for the year ended December 31, 2021.

The €449 million year-on-year increase in restructuring costs and similar items mainly reflects provisions for severance benefits recognized further to announcements made during the first half of 2022. It also reflects ongoing transformational projects, primarily those associated with the creation of the new standalone Consumer Healthcare entity and the implementation of Sanofi's new digital strategy.

B.17. OTHER GAINS AND LOSSES, AND LITIGATION

For the first half of 2022, ***Other gains and losses, and litigation*** includes the pre-tax gain on the deconsolidation of EUROAPI (see Note B.1.) and a charge to a provision for risks related to a litigation.

B.18. FINANCIAL EXPENSES AND INCOME

An analysis of financial expenses and income is set forth below:

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
Cost of debt [(a)]	(151)	(168)	(313)
Interest income [(b)]	59	30	54
Cost of net debt	**(92)**	**(138)**	**(259)**
Non-operating foreign exchange gains/(losses)	(1)	4	2
Unwinding of discounting of provisions [(c)]	(8)	(5)	(11)
Net interest cost related to employee benefits	(26)	(22)	(44)
Gains/(losses) on disposals of financial assets	—	3	3
Net interest expense on lease liabilities	(20)	(15)	(35)
Other	(8)	13	16
Net financial income/(expenses)	**(155)**	**(160)**	**(328)**
comprising: Financial expenses	**(189)**	**(188)**	**(368)**
Financial income	**34**	**28**	**40**

(a) Includes net gain/(loss) on interest rate and currency derivatives used to manage debt: €5 million in the first half of 2022, €5 million in the first half of 2021, and €14 million over the whole of 2021.

(b) Includes net gain/(loss) on interest rate and currency derivatives used to manage cash and cash equivalents: €36 million in the first half of 2022, €28 million in the first half of 2021, and €51 million over the whole of 2021.

(c) Primarily on provisions for environmental risks, restructuring provisions, and provisions for product-related risks (see Note B.12.).

The impact of the ineffective portion of hedging relationships was not material in either 2021 or 2020.

B.19. INCOME TAX EXPENSE

Sanofi has elected for tax consolidations in a number of countries, principally France, Germany, the United Kingdom and the United States.

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

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
Current taxes	(1,087)	(806)	(1,908)
Deferred taxes	592	128	350
Total	**(495)**	**(678)**	**(1,558)**
Income before tax and investments accounted for using the equity method	**3,674**	**3,436**	**7,798**

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:

(as a percentage)	June 30, 2022 (6 months)[(a)]	June 30, 2021 (6 months)[(a)]	December 31, 2021 (12 months)
Standard tax rate applicable in France	25.8	28.4	28.4
Difference between the standard French tax rate and the rates applicable to Sanofi [(b)]	(10.8)	(10.1)	(9.5)
Revisions to tax exposures and settlements of tax disputes	(2.8)	1.0	1.0
Fair value remeasurement of contingent consideration liabilities	(0.4)	0.2	—
Other	1.7	0.3	0.1
Effective tax rate	**13.5**	**19.8**	**20.0**

(a) Rate calculated on the basis of the estimated effective tax rate for the full financial year (see Note A.2.).

(b) The difference between the French tax rate and tax rates applicable to foreign subsidiaries reflects the fact that Sanofi has operations in many countries, most of which have lower tax rates than France.

B.20. SEGMENT INFORMATION

As indicated in Note B.26. to the consolidated financial statements for the year ended December 31, 2021, Sanofi has three operating segments: Pharmaceuticals, Vaccines and Consumer Healthcare.

The Pharmaceuticals segment comprises, for all geographical territories, the commercial operations of the following global franchises: Specialty Care (Dupixent®, Neurology & Immunology, Rare Diseases, Oncology, and Rare Blood Disorders) and General Medicines (Core Assets and Non-Core Assets), together with research, development and production activities dedicated to the Pharmaceuticals segment. This segment also includes associates whose activities are related to pharmaceuticals.

The Vaccines segment comprises, for all geographical territories, the commercial operations of Sanofi Pasteur, together with research, development and production activities dedicated to vaccines.

The Consumer Healthcare segment comprises, for all geographical territories, the commercial operations for Sanofi's Consumer Healthcare products, together with research, development and production activities dedicated to those products.

Inter-segment transactions are not material.

The costs of Sanofi's global support functions (External Affairs, Finance, Human Resources, Legal Affairs, Information Solutions & Technologies, Sanofi Business Services, etc.) are mainly managed centrally at group-wide level. The costs of those functions are presented within the "Other" category. That category also includes other reconciling items such as retained commitments in respect of divested activities.

B.20.1. SEGMENT RESULTS

B.20.1.1. Analysis of net sales

The table below sets forth net sales for the six months ended June 30, 2022 and June 30, 2021:

(€ million)		Europe	United States	Other countries	June 30, 2022	Europe	United States	Other countries	June 30, 2021
Pharmaceuticals		**3,665**	**6,239**	**5,095**	**14,999**	**3,575**	**4,892**	**4,729**	**13,196**
General Medicines		**2,130**	**1,410**	**3,817**	**7,357**	**2,228**	**1,262**	**3,728**	**7,218**
of which	Lantus®	223	425	623	1,271	246	429	614	1,289
	Toujeo®	211	128	202	541	195	120	185	500
	Praluent®	108	55	34	197	75	5	24	104
	Multaq®	9	160	9	178	12	132	7	151
	Lovenox®	353	7	354	714	368	15	385	768
	Plavix® [(a)]	52	5	451	508	60	5	420	485
	Thymoglobulin®	17	121	72	210	16	101	55	172
	Industrial sales [(a)]	294	13	9	316	335	24	21	380
Specialty Care		**1,535**	**4,829**	**1,278**	**7,642**	**1,347**	**3,630**	**1,001**	**5,978**
of which	Aubagio®	269	689	59	1,017	264	666	64	994
	Cerezyme®	126	94	147	367	124	83	136	343
	Myozyme/Lumizyme®	206	163	118	487	200	180	103	483
	Fabrazyme®	116	221	121	458	111	190	111	412
	Eloctate®	—	232	59	291	—	216	62	278
	Jevtana®	19	142	42	203	75	119	46	240
	Dupixent®	450	2,653	474	3,577	289	1,740	261	2,290
Vaccines		**321**	**678**	**1,199**	**2,198**	**244**	**626**	**1,067**	**1,937**
of which	Polio/Pertussis/Hib vaccines	161	224	817	1,202	145	241	667	1,053
	Influenza vaccines	37	12	132	181	18	—	178	196
Consumer Healthcare		**781**	**645**	**1,167**	**2,593**	**653**	**570**	**979**	**2,202**
of which	Allergy	37	249	132	418	34	200	109	343
	Pain Care	289	103	226	618	250	91	187	528
	Digestive Wellness	224	62	375	661	200	61	312	573
Total net sales		**4,767**	**7,562**	**7,461**	**19,790**	**4,472**	**6,088**	**6,775**	**17,335**

(a) Following the Capital Markets Day held in February 2021, Sanofi altered the presentation of sales within the General Medicines franchise and the Consumer Healthcare segment. A separate line was introduced for "Industrial sales", which essentially comprises sales of active ingredients and semi-finished products to third parties. Previously, such sales were presented within the Diabetes and Cardiovascular & Established Prescription Products franchises on the line for the relevant product (such as Plavix®), and on the "Generics" line.

B.20.1.2. Business operating income

Sanofi reports segment results on the basis of "Business operating income", a non-GAAP financial measure used internally by the chief operating decision maker to measure the performance of each operating segment and to allocate resources.

"Business operating income" is derived from ***Operating income***, adjusted as follows:

- the amounts reported in the line items ***Restructuring costs and similar items, Fair value remeasurement of contingent consideration*** relating to business combinations (IFRS 3) or divestments and ***Other gains and losses, and litigation*** are eliminated;
- expenses arising from the remeasurement of inventories following a business combination (IFRS 3) are eliminated;
- amortization and impairment losses charged against intangible assets (other than software and other rights of an industrial or operational nature) are eliminated;
- the share of profits/losses from investments accounted for using the equity method is added for joint ventures and associates with which Sanofi has entered into a strategic partnership agreement;
- the effects of acquisitions and restructuring costs on investments accounted for using the equity method (for joint ventures and associates with which Sanofi has entered into a strategic partnership agreement) is eliminated; and
- net income attributable to non-controlling interests is deducted.

Segment results are shown in the table below:

(€ million)	June 30, 2022 (6 months) Pharmaceuticals	Vaccines	Consumer Healthcare	Other [a]	Total
Net sales	**14,999**	**2,198**	**2,593**		**19,790**
Other revenues	266	707	30	2	1,005
Cost of sales	(3,539)	(1,578)	(890)	(120)	(6,127)
Research and development expenses	(2,442)	(412)	(81)	(212)	(3,147)
Selling and general expenses	(2,748)	(367)	(752)	(1,086)	(4,953)
Other operating income and expenses	(886)	9	113	(24)	(788)
Share of profit/(loss) from investments accounted for using the equity method	22	25	8	—	55
Net income attributable to non-controlling interests	(15)	—	(2)	—	(17)
Business operating income	**5,657**	**582**	**1,019**	**(1,440)**	**5,818**

(a) The "Other" column reconciles segmental results to the total per the consolidated financial statements.

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(€ million)	June 30, 2021 (6 months) [a] Pharmaceuticals	Vaccines	Consumer Healthcare	Other [b]	Total
Net sales	**13,196**	**1,937**	**2,202**	**—**	**17,335**
Other revenues	108	461	27	—	596
Cost of sales	(3,404)	(1,254)	(753)	(131)	(5,542)
Research and development expenses	(2,040)	(316)	(69)	(238)	(2,663)
Selling and general expenses	(2,481)	(359)	(700)	(991)	(4,531)
Other operating income and expenses	(465)	120	23	23	(299)
Share of profit/(loss) from investments accounted for using the equity method	13	8	5	—	26
Net income attributable to non-controlling interests	(16)	—	(4)	—	(20)
Business operating income	**4,911**	**597**	**731**	**(1,337)**	**4,902**

(a) Includes the impact of the April 2021 IFRIC agenda decision on the allocation of benefits to service periods, as described in Note A.2.1. to the consolidated financial statements for the year ended December 31, 2021.
(b) The "Other" column reconciles segmental results to the total per the consolidated financial statements.

(€ million)	December 31, 2021 (12 months) Pharmaceuticals	Vaccines	Consumer Healthcare	Other [a]	Total
Net sales	**26,970**	**6,323**	**4,468**	**—**	**37,761**
Other revenues	264	1,095	55	—	1,414
Cost of sales	(6,965)	(3,430)	(1,606)	(250)	(12,251)
Research and development expenses	(4,330)	(712)	(153)	(497)	(5,692)
Selling and general expenses	(5,326)	(805)	(1,388)	(2,036)	(9,555)
Other operating income and expenses	(1,172)	128	111	(13)	(946)
Share of profit/(loss) from investments accounted for using the equity method	17	11	11	—	39
Net income attributable to non-controlling interests	(49)	(1)	(5)	(1)	(56)
Business operating income	**9,409**	**2,609**	**1,493**	**(2,797)**	**10,714**

(a) The "Other" column reconciles segmental results to the total per the consolidated financial statements.

The table below, presented in compliance with IFRS 8, shows a reconciliation between "Business operating income" and ***Income before tax and investments accounted for using the equity method:***

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months) [a]	December 31, 2021 (12 months)
Business operating income	**5,818**	**4,902**	**10,714**
Share of profit/(loss) from investments accounted for using the equity method [b]	(55)	(26)	(39)
Net income attributable to non-controlling interests [c]	17	20	56
Amortization and impairment of intangible assets	(997)	(953)	(1,772)
Fair value remeasurement of contingent consideration	(17)	(4)	(4)
Expense arising from the impact of acquisitions on inventories	(3)	—	(4)
Restructuring costs and similar items	(792)	(343)	(820)
Other gains and losses, and litigation	(142)	—	(5)
Operating income	**3,829**	**3,596**	**8,126**
Financial expenses	(189)	(188)	(368)
Financial income	34	28	40
Income before tax and investments accounted for using the equity method	**3,674**	**3,436**	**7,798**

(a) Includes the impacts of the IFRIC agenda decisions of March 2021 (on the costs of configuration and customization of software used under a SaaS contract) and of April 2021 (on the attribution of benefits to periods of service), as described in note A.2.1. to the consolidated financial statements for the year ended December 31, 2021.

(b) Excludes (i) restructuring costs relating to investments accounted for using the equity method and (ii) expenses arising from the impact of acquisitions on investments accounted for using the equity method.

(c) Excludes (i) restructuring costs and (ii) other adjustments attributable to non-controlling interests.

B.20.2. OTHER SEGMENT INFORMATION

The tables below show the split by operating segment of (i) the carrying amount of investments accounted for using the equity method, (ii) acquisitions of property, plant and equipment, and (iii) acquisitions of intangible assets.

The principal investments accounted for using the equity method in the Pharmaceuticals segment are entities majority owned by EUROAPI, MSP Vaccine Company, and Infraserv GmbH & Co. Höchst KG (see Note B.5.).

Acquisitions of intangible assets and property, plant and equipment correspond to acquisitions paid for during the period.

	June 30, 2022 (6 months)			
(€ million)	Pharmaceuticals	Vaccines	Consumer Healthcare	Total
Investments accounted for using the equity method	559	109	42	710
Acquisitions of property, plant and equipment	467	197	29	693
Acquisitions of other intangible assets	238	36	7	281

	June 30, 2021 (6 months)			
(€ million)	Pharmaceuticals	Vaccines	Consumer Healthcare	Total
Investments accounted for using the equity method	144	70	—	214
Acquisitions of property, plant and equipment	445	196	27	668
Acquisitions of other intangible assets [a]	236	81	6	323

(a) Includes the impacts of the IFRIC agenda decision of March 2021 on the costs of configuration and customization of software used under a SaaS contract, as described in note A.2.1. to the consolidated financial statements for the year ended December 31, 2021.

	December 31, 2021 (12 months)			
(€ million)	Pharmaceuticals	Vaccines	Consumer Healthcare	Total
Investments accounted for using the equity method	165	85	—	250
Acquisitions of property, plant and equipment	1,024	382	73	1,479
Acquisitions of other intangible assets	450	108	6	564

B.20.3. INFORMATION BY GEOGRAPHICAL REGION

The geographical information on net sales provided below is based on the geographical location of the customer.

In accordance with IFRS 8, the non-current assets reported below exclude financial instruments, deferred tax assets, pre-funded pension obligations, and right-of-use assets as determined under IFRS 16.

	June 30, 2022 (6 months)					
(€ million)	Total	Europe	of which France	North America	of which United States	Other countries
Net sales	**19,790**	**4,767**	**1,105**	**7,875**	**7,562**	**7,148**
Non-current assets:						
• property, plant and equipment	9,767	5,391	2,935	3,246	2,414	1,130
• goodwill	50,555	—	—	—	—	—
• other intangible assets	21,978	6,467	—	14,505	—	1,006

	June 30, 2021 (6 months) [(a)]					
(€ million)	Total	Europe	of which France	North America	of which United States	Other countries
Net sales	**17,335**	**4,472**	**1,087**	**6,388**	**6,088**	**6,475**
Non-current assets:						
• property, plant and equipment	9,503	5,874	3,162	2,699	1,996	930
• goodwill	44,979	—	—	—	—	—
• other intangible assets [(a)]	19,370	7,187	—	10,884	—	1,299

(a) Includes the impacts of the IFRIC agenda decision of March 2021 on the costs of configuration and customization of software used under a SaaS contract, as described in note A.2.1. to the consolidated financial statements for the year ended December 31, 2021.

	December 31, 2021 (12 months)					
(€ million)	Total	Europe	of which France	North America	of which United States	Other countries
Net sales	**37,761**	**9,759**	**2,256**	**15,075**	**14,385**	**12,927**
Non-current assets:						
• property, plant and equipment	10,028	5,959	3,253	2,998	2,234	1,071
• goodwill	48,056	—	—	—	—	—
• other intangible assets	21,407	7,059	—	13,187	—	1,161

As stated in Note D.5. to the consolidated financial statements for the year ended December 31, 2021, goodwill is not allocated by geographical region.

B.20.4. PRINCIPAL CUSTOMERS AND CREDIT RISK

Sales generated by Sanofi with its biggest customers, in particular certain wholesalers in the United States, represented 27% of net sales in the first half of 2022. Sanofi's three largest customers respectively accounted for approximately 12%, 8% and 7% of consolidated net sales in the first half of 2022, mostly in the Pharmaceuticals segment (versus approximately 11%, 8% and 5% in the first half of 2021).

C/ EVENTS SUBSEQUENT TO JUNE 30, 2022

Following clearance from the antitrust authorities, the exclusive licensing rights to Libtayo® have been definitively transferred to Regeneron with effect from July 1, 2022.

2. HALF-YEAR MANAGEMENT REPORT

A/ SIGNIFICANT EVENTS OF THE FIRST HALF OF 2022

A.1. FIRST-HALF OVERVIEW

During the first half of 2022, Sanofi continued to implement its new "**Play to Win**" strategy, involving major decisions and positive actions that will support and rebuild the competitive margins necessary for Sanofi to continue to deliver on its mission. Significant events connected with the implementation of that strategy are described below (for additional information on developments related to Research and Development see also section "A.2. Research and Development" below).

On January 7, 2022, Sanofi announced a research collaboration and license agreement with *Exscientia* to develop up to 15 novel small molecule candidates across oncology and immunology, leveraging Exscentia's end-to-end AI-driven platform using actual patient samples. The companies have been working together since 2016 and in 2019, Sanofi in-licensed Exscientia's novel bispecific small molecule candidate capable of targeting two distinct targets in inflammation and immunology.

On February 3, 2022, Sanofi unveiled a bold new unifying *visual identity* that epitomizes the modernization and transformation launched by the company in December 2019. With roots in a variety of diverse companies, Sanofi is today a combination of many cultures, identities, and brands. Its new visual identity is rooted in this heritage and brings this diverse history together in a single common brand for the first time. This latest step on the company's journey symbolizes an ambitious strategy for the future.

On February 8, 2022, Sanofi announced the completion of its acquisition of *Amunix Pharmaceuticals, Inc* (Amunix), adding a promising pipeline of T-cell engager immunotherapies and cytokine therapies. The acquisition also gives Sanofi access to Amunix's Pro-XTEN™, XPAT, and XPAC technologies to deliver next-generation Conditionally Activated Biologics. This technology platform is highly complementary to Sanofi's existing R&D platforms, and is a perfect fit for Sanofi's efforts to accelerate and expand its contribution to developing innovative medicines for oncology patients, with approximately 20 molecules currently in development.

On February 23, 2022, Sanofi and GSK announced their intention to submit data from both their booster and Phase III efficacy trials as the basis for regulatory applications for a *COVID-19 vaccine*: (i) final analysis of data from the global VAT02 booster trial confirmed the vaccine candidate's universal ability to boost neutralizing antibodies 18-to-30-fold regardless of the platform used for primary vaccination (mRNA or adenovirus); (ii) the VAT08 Phase 3 primary series trial demonstrated that two doses of the Sanofi-GSK vaccine in seronegative populations demonstrated efficacy of 100% against severe COVID-19 disease and hospitalizations, 75% against moderate or severe COVID-19 disease, and 57.9% against any symptomatic COVID-19 disease, in line with expected vaccine effectiveness in an environment dominated by numerous variants; and (iii) the trials demonstrated a favorable safety profile following both primary and booster vaccination.

On March 8, 2022, Sanofi was recognized as one of the most sustainability-committed companies in an Environment, Social, Governance (ESG) evaluation performed by *Standard & Poor's Global Ratings (S&P)*. The ESG Evaluation awarded Sanofi a score of 86 points out of 100, one of the highest scores across all sectors globally. Sanofi's ESG profile earned 80 points for its solid fundamentals, supplemented by an additional strong preparedness opinion of 6 points awarded for the company's "excellent awareness of risks and opportunities" and capacity to "anticipate and adapt to a variety of long-term plausible disruptions".

On March 15, 2022, Sanofi and *Blackstone* (NYSE: BX) announced a strategic risk-sharing collaboration under which funds managed by Blackstone Life Sciences (BXLS) will invest up to €300 million to accelerate the global pivotal studies and clinical development program for the subcutaneous formulation and delivery of the anti-CD38 antibody Sarclisa® to treat patients with multiple myeloma (MM), due to start on schedule in the second half of 2022.

On March 16, 2022, Sanofi and *Seagen Inc.* (Nasdaq: SGEN) announced an exclusive collaboration agreement to design, develop, and commercialize antibody-drug conjugates (ADCs) for up to three cancer targets. The collaboration will utilize Sanofi's proprietary monoclonal antibody (mAb) technology and Seagen's proprietary ADC technology. ADCs are antibodies engineered to deliver potent anti-cancer drugs to tumor cells expressing a specific protein, and Sanofi currently has one ADC in development.

During the March 29, 2022 investor conference, Sanofi gave an update on how the company is advancing its immunology strategy, including its ambition to more than quadruple sales from the Immunology franchise by the end of the decade. The focus of the event was on *Dupixent®* (dupilumab), a key growth driver for Sanofi, and on the company's rapidly advancing pipeline which features dermatological, respiratory and gastrointestinal diseases as priority therapeutic areas. Sanofi has raised its peak sales ambition for Dupixent® to more than €13 billion. This new ambition does not include the potential for further upgrades to the sales ambition from chronic obstructive pulmonary disease (COPD), with pivotal readouts from clinical trials in this indication anticipated in 2023.

On March 29, 2022, Sanofi (NASDAQ: SNY) and *IGM Biosciences, Inc.* (Nasdaq: IGMS) announced the signing of an exclusive worldwide collaboration agreement to create, develop, manufacture, and commercialize IgM antibody agonists against three oncology targets and three immunology/inflammation targets. Engineered IgM antibodies represent a new class of potential therapeutics that combine the multi-valency of IgM antibodies and have ten binding sites, as opposed to conventional IgG antibodies that have only two target binding sites.

On March 30, 2022, Sanofi finalized the terms of a dual-tranche €1.5 billion bond issue. This includes an inaugural issue of *sustainability-linked bonds* for a nominal amount of €650 million, linked to Sanofi's commitment to improve access to essential medicines in low- and lower-middle-income countries via its non-profit global health unit. This issue demonstrates Sanofi's commitment to society, and to ensure access to healthcare for the world's most vulnerable people.

On April 4, 2022, Sanofi launched its *Diversity, Equity & Inclusion (DE&I)* Board, the first of its kind in the pharmaceutical industry to feature outside advisors. Sanofi's DE&I Board will include three of the most influential voices in the DE&I space, as Board members appointed for a three-year term: organizational psychologist and best-selling author John Amaechi, award-winning social entrepreneur Caroline Casey, and DE&I pioneer and renowned thought-leader Dr. Rohini Anand.

On April 26, 2022, Sanofi announced that it is partnering with *McLaren Racing* to accelerate manufacturing efficiency and performance in support of its ambition to attain world-class standards of manufacturing excellence. Following a successful pilot in 2021 with McLaren Racing, both companies have decided to extend their collaboration across multiple sites in seven countries, covering more than 100 production lines across all technologies. Learnings from this partnership will provide insights and develop best practices for manufacturing that will then be implemented across Sanofi's global industrial network .

On May 4, 2022, Sanofi launched *Foundation S – The Sanofi Collective*, its philanthropic endowment fund aiming to promote health for current and future generations. Using donations, partnerships and collective action, Foundation S will focus on three critical areas: childhood cancer, the health of communities most vulnerable to the effects of climate change and pollution, and access to lifesaving medicines and vaccines.

On May 30, 2022, the US Food and Drug Administration (FDA) informed Sanofi that its planned Actual Use Trial (AUT) to support the prescription to over-the-counter switch for *Cialis*® (tadalafil) had been placed on clinical hold due to matters surrounding the protocol design. Sanofi's AUT has not yet recruited any patients. Sanofi continues to work with the FDA to move the Cialis® program forward and will engage with the FDA in upcoming meetings to determine the next steps.

On June 2, 2022, Sanofi announced the restructuring of its immuno-oncology collaboration with *Regeneron Pharmaceuticals, Inc.* (Regeneron). Under the amended and restated license and collaboration agreement, Regeneron will obtain worldwide exclusive license rights to Libtayo®. The Sanofi and Regeneron global immuno-oncology license and collaboration agreement was originally signed in 2015. Prior to June 2, 2022, the companies had split Libtayo® worldwide operating profits equally and co-commercialized Libtayo® in the US, with Sanofi solely responsible for commercialization in the rest of the world. In return, Sanofi will receive an upfront payment of $900 million and an 11% royalty on worldwide net sales of Libtayo®. Sanofi will also be eligible for a regulatory milestone payment of $100 million, as well as sales-related milestone payments of up to $100 million over the next two years.

On June 8, 2022, Sanofi announced the launch of its first *Digital Accelerator* to foster its ambition to become a leading digital healthcare company. The Accelerator will develop products and solutions that will support Sanofi's mission to transform the practice of medicine with the use of digital, data and artificial intelligence (AI).

On May 3, 2022, Sanofi's General Meeting of Shareholders approved the decision to distribute approximately 58% of the share capital of *EUROAPI*, a European leader in the development, manufacture, marketing and distribution of Active Pharmaceutical Ingredients (APIs), in the form of an exceptional dividend in kind to Sanofi shareholders. On the dividend payment date of May 10, 2022 (further to the admission of EUROAPI shares to listing on the regulated market of Euronext Paris on May 6, 2022), Sanofi divested control over EUROAPI and its subsidiaries, resulting in their deconsolidation from the Sanofi consolidated financial statements as of that date. On June 17, 2022 (the date of delivery of the EUROAPI shares to the French State via the French Tech Souveraineté fund), EPIC BPIFrance acquired a 12% equity interest in EUROAPI. Following completion of those transactions, Sanofi retains an equity interest of 30.1% in EUROAPI, which has been accounted for using the equity method since the date of loss of control.

Net sales for the first half of 2022 amounted to €19,790 million, 14.2% higher than in the first half of 2021. At constant exchange rates (CER)[1], net sales rose by 8.4%, driven mainly by strong performances for Dupixent®. The year-on-year increase also reflects good performances by the Consumer Healthcare franchise, including robust growth for the Cough & Cold category; and growth for the Vaccines franchise, driven largely by a recovery in sales of Travel and Polio vaccines compared to 2021.

Net income attributable to equity holders of Sanofi amounted to €3,184 million, versus €2,764 million in the first half of 2021. Earnings per share was €2.55, versus €2.21 for the first half of 2021. Business net income[2] was €4,594 million, up 22.6% on the first half of 2021, while business earnings per share (business EPS[2]) was 22.7% higher than in the first half of 2021 at €3.68.

A.2. RESEARCH AND DEVELOPMENT

Highlights of Sanofi's Research and Development efforts in the first half of 2022 in the Specialty Care unit included several US and EU regulatory approvals for *Dupixent*® (dupilumab) for the treatment of eosinophilic esophagitis (EoE), and expanding the severe asthma indication to children aged 6 to 11 years, as well as the moderate-to-severe atopic dermatitis (AD) indication to children aged 6 months to 5 years. In addition, an application for approval of prurigo nodularis has been filed in the US.

In chronic spontaneous urticaria (CSU), the Phase III Study B from the CUPID program evaluating *Dupixent*® in patients who were refractory to omalizumab was stopped due to futility based on a pre-specified interim analysis. Although positive numerical trends in reducing itch and hives were observed, the results from the interim analysis did not demonstrate statistical significance for the primary endpoints. The previously reported Phase III trial (Study A), which evaluated a different group of patients who were biologic-naïve, met its primary and all key secondary endpoints at 24 weeks, showing that adding Dupixent® to standard-of-care antihistamines significantly reduced itch and hives compared to antihistamines alone. Sanofi remains committed to advancing Dupixent® for patients with CSU on antihistamines and is evaluating next steps.

Efanesoctocog alfa, a once-weekly recombinant factor VIII therapy for the treatment of people with hemophilia A, met both primary and secondary endpoints in previously treated patients ≥12 years of age. The results showed a clinically meaningful prevention of bleeds over a period of 52 weeks, with a median annualized bleeding rate (ABR) of 0 and a mean ABR of 0.71, and a superiority to prior prophylactic

[1] *Non-GAAP financial measure: see definition in D.3., "Net sales".*
[2] *Non-GAAP financial measure: see definition in D.2., "Business net income".*

factor VIII replacement therapy based on intra-patient comparison. An application for approval was submitted to the FDA. Efanesoctocog alfa is the first factor VIII therapy to be awarded Breakthrough Therapy designation by the FDA.

In Oncology, the pivotal Phase II AMEERA-3 clinical trial evaluating *amcenestrant* monotherapy compared to endocrine treatment in patients with locally advanced or metastatic ER+/HER2- breast cancer who progressed on or after hormonal therapies did not meet its primary endpoint of improving progression-free survival (PFS). No new safety signals were observed. In addition, the Phase III clinical trial evaluating the efficacy and safety of *amcenestrant* compared with tamoxifen in patients with HR+ early breast cancer who have discontinued adjuvant aromatase inhibitor (AI) therapy due to treatment related toxicity (AMEERA-6), enrolled its first participants.

For the treatment of patients with relapsed Multiple Myeloma, latest results from the IKEMA clinical trial evaluating *Sarclisa*® (isatuximab), in combination with carfilzomib and dexamethasone (Kd), demonstrated a median progression free survival (mPFS) of 35.7 months, compared to 19.2 months in patients treated with Kd alone, as evaluated by an Independent Review Committee.

In Neurology, in late June 2022, the FDA placed a partial clinical hold on the Phase III studies of *tolebrutinib* in multiple sclerosis (MS) and myasthenia gravis (MG). As a result, new enrolment in the US was paused, and participants in the US who had been in the trial for fewer than 60 days had the study drug suspended. Meanwhile, more than two thousand previously enrolled patients around the globe are continuing to receive tolebrutinib. In early July 2022, the FDA provided written notification to Sanofi requesting information pertaining to additional analyses of clinical safety data and some preclinical data. After submission of the response, the FDA can take up to 30 days to render their decision on whether they agree to lift the partial clinical hold, which could occur as early as the fourth quarter of 2022. In the meantime, enrolment in the clinical program continues with revised study protocols, including enhanced safety monitoring, in most countries. Sanofi is working closely with the independent data monitoring committee members and investigators around the world to evaluate the effectiveness of these safety measures.

For an update on our research and development pipeline, refer to Section G/ of this half-year management report.

A.3. OTHER SIGNIFICANT EVENTS

A.3.1 CORPORATE GOVERNANCE

The Combined General Shareholders' Meeting of Sanofi was held on May 3, 2022 at Paris Expo Porte de Versailles, under the chairmanship of Serge Weinberg. All resolutions submitted to the vote were adopted by the shareholders. The General Meeting approved the individual company and consolidated financial statements for the year ended December 31, 2021, and also resolved to distribute an ordinary annual dividend of €3.33 per share and an additional dividend in kind in the form of an allocation of EUROAPI shares, at a ratio of one (1) EUROAPI share per twenty-three (23) Sanofi shares held. The payment of the dividend, including both the cash dividend and the dividend in kind, was made on May 10, 2022. The General Meeting also reappointed Paul Hudson, Christophe Babule, Patrick Kron and Gilles Schnepp as Directors, and approved the appointment of Carole Ferrand, Emile Voest and Antoine Yver as independent directors. The Board of Directors is comprised of 16 members, of whom six are women and two are Directors representing employees. The Board of Directors retains a large majority of independent Directors.

A.3.2. LEGAL AND ARBITRATION PROCEEDINGS

For a description of the most significant developments in legal and arbitration proceedings since publication of the financial statements for the year ended December 31, 2021, refer to Note B.14. to the condensed half-year consolidated financial statements.

The following events have occurred in respect of litigation, arbitration and other legal proceedings in which Sanofi and its affiliates are involved:

PATENTS

- **Lantus® Mylan Patent Litigation (United States)**

Mylan (now Viatris) and Biocon announced the launch of their interchangeable pen and vial products in November 2021. The proceedings concerning US Patent Nos. 8,603,044, 8,679,069, 8,992,486, 9,526,844, and 9,604,008 are now closed.

GOVERNMENT INVESTIGATIONS AND RELATED LITIGATION

In the New Mexico action concerning the sale and marketing of Plavix®, the state court trial is scheduled to commence in January 2023.

Sanofi US received a new Civil Investigative Demand (CID) requesting the production of documents and information relating to Sanofi's trade and pricing practices for its insulin products and/or Lantus®-related litigation:

- Illinois State Attorney General's office (CID issued in July 2022, covering the period from 2003 to present).

Insulin Related Litigation

The Harris County, Texas vs. Sanofi-Aventis US LLC, et al. case was dismissed with prejudice in March 2022.

The Miami, Florida vs. Eli Lilly & Co. et al. case was dismissed with prejudice in May 2022.

In May 2022, the Attorney General of Arkansas filed a complaint against the three insulin manufacturers, including Sanofi US, and the three largest Pharmacy Benefit Managers (PBMs) (CVS, ESI, and Optum). The complaint is largely identical to the complaint filed by Mississippi. Arkansas purports to sue both on behalf of itself and in its *parens patriae* capacity. It asserts claims under the Arkansas Deceptive Trade Practices Act, as well as claims for unjust enrichment and civil conspiracy.

A.3.3. OTHER EVENTS

On June 7, 2022. Sanofi launched Action 2022, a global employee share ownership plan open to 86,000 employees in 59 countries. The program, like those carried out since 2013, clearly demonstrates the ongoing commitment of Sanofi and its Board of Directors to involve all employees, across all its territories, in the future development and results of the company.

The shares were offered at a subscription price of €80.21, representing a 20% discount to the average of the 20 opening prices of Sanofi shares from May 9 to June 3, 2022. In addition, for every five shares subscribed, employees were entitled to receive one free share (up to a maximum of four free shares per employee). Each employee was able to purchase up to 1,500 Sanofi shares, subject to the maximum legal limit set at 25% of their gross annual salary minus any voluntary payments already made under employee savings schemes (Group Savings Plan and/or Group Retirement Savings Plan) during 2022.

B/ PROGRESS ON IMPLEMENTATION OF THE CORPORATE SOCIAL RESPONSIBILITY STRATEGY

Sanofi continues its progress to improve access to medicines

Sanofi's Global Health Unit has announced the establishment of a fund and the launch of Impact®

Sanofi Global Health has announced the launch of Impact®, a new brand of standard-of-care medicines produced by Sanofi and dedicated to non-profit distribution to at-risk populations in the world's most impoverished countries. The Impact® brand, which includes insulin, glibenclamide and oxaliplatin amongst others, will enable the secure distribution of 30 Sanofi medicines in 40 lower-income countries. Considered essential by the World Health Organization, the medicines cover a wide range of therapeutic areas, including diabetes, cardiovascular disease, tuberculosis, malaria and cancer.

Sanofi has also announced the establishment of an Impact fund that will support start-up companies and other innovators that can deliver scalable solutions for sustainable healthcare in underserved regions. By providing inclusive business financing and technical assistance, the fund will complement Sanofi Global Health's mission of leveraging global, regional and local investment to support the training of healthcare professionals and aiding communities in running sustainable care systems.

Sanofi expands access for underserved communities in the US

Uninsured people living with diabetes in the United States will be able to obtain Sanofi insulins (Lantus®, Insulin Glargine U-100, Toujeo®, Admelog®, and Apidra®) from Sanofi's Insulins Valyou Savings Program with a valid prescription for a fixed price of $35 for a 30-day supply. This is an enhancement to the program, which previously offered a 30-day supply of Sanofi insulins for $99, comprising ten boxes of SoloStar pens and/or 10 mL vials or 5 boxes of Max SoloStar pens.

The Insulins Valyou Savings Program has helped thousands of people living with diabetes save on their prescription costs since its launch in 2018. In 2021, the program was used over 97,000 times, and provided more than $37 million in savings to people living with diabetes.

This upgrade extends the scope of the program.

Sanofi joins the Beacon of Hope program to address racial inequities in clinical trials, health, and education

Sanofi has announced a collaboration with the Beacon of Hope program to address the root causes of disparities in health and education and to create greater diversity, equity and inclusion across R&D in the pharmaceutical industry.

Racial and ethnic minorities have historically been marginalized in clinical research. Sanofi recognizes and supports the urgency to change this situation and help correct this disparity in clinical trial participation.

Launched in July 2021 as a $33.7 million commitment from Novartis and the Novartis US Foundation, Beacon of Hope began as a 10-year collaboration with Morehouse School of Medicine and 26 other Historically Black Colleges and Universities, the Thurgood Marshall College Fund, Coursera, and the National Medical Association, to work together to increase diversity among clinical trial participants and investigators; improve access to high-quality education and promising jobs; address inherent bias in the data standards used to diagnose and treat disease; and find actionable solutions to environmental and climate issues that disproportionately affect health among communities of color.

Access and Pricing Principles at Sanofi

Sanofi has a long history of working with healthcare systems to make its treatments accessible and affordable to patients in need. We understand and share concerns about the affordability of medicines for patients, and encourage countries to improve value in healthcare spending. However, we firmly believe that the pharmaceutical industry is only one of many stakeholders in the healthcare system that can and should contribute to this goal. Given the growing concerns over rising healthcare costs, we have developed an approach to pricing that reflects our commitment to broadly expanding patient access to medicines and vaccines while maintaining sustainable investment in Research & Development. Our Access & Pricing Principles are founded on two pillars:

- Clear rationale for pricing and access at the launch of a new medicine or vaccine
- Building affordability criteria into pricing considerations for new launches

When we set the price of a new medicine, we hold ourselves to a rigorous and structured process that includes consultation with external stakeholders and considers the following factors:

- Holistic assessment of the product's value (clinical, social, wellbeing and economic value)
- Availability of similar treatments at the time of launch
- Ability of market to afford the product
- Other factors specific to the product at the time of launch

We disclose more information on our global access and pricing principles on our global website, and on our US pricing policy on the Sanofi US website.

Sustainability-linked bond tied to Sanofi's Access commitments

Sanofi is committed to integrate sustainability within its Play to Win business strategy, as well as within its investment and financing strategy. More than a year after issuing its first sustainability-linked credit revolving facilities, Sanofi successfully placed an inaugural issue of sustainability-indexed bonds linked to access to medicines. The issue, with a nominal amount of €650 million, is tied to Sanofi's commitment to improve access to essential medicines in low- and lower-middle-income countries via its Global Health non-profit unit. This issue demonstrates Sanofi's commitment to society, and to ensure access to healthcare for the world's most vulnerable people.

Building partnerships to support Sanofi's pediatric cancer commitment

In its flagship childhood cancer program, Sanofi aims to work collaboratively across sectors, to advance knowledge in pediatric studies.

In the research field, Sanofi is now one of the partners of the Pediatric Pre-clinical Proof of Concept Platform (ITCC-P4), which aims to enable state-of-the-art upfront preclinical testing of novel molecularly targeted compounds. Sanofi has recently engaged in a Pediatric Oncology Relevant Target collaboration led by the Foundation for the National Institutes of Health (FNIH) to review and prioritize targets.

For the development of innovative clinical trials, Sanofi works closely with experts at MD Anderson Cancer Center, Institut Gustave Roussy, Children's Hospital of Philadelphia, Dana-Farber Cancer Institute and Memorial Sloan Kettering Cancer Center. All of these efforts are centered on patient needs, as highlighted by Sanofi's support for childhood cancer advocacy groups including Coalition Against Childhood Cancer (CAC2) and Imagine for Margo.

Sanofi continues its progress to limit its impact on the environment

New CO_2 Scope 3 emissions reduction target

As Sanofi's ambitious strategy to minimize its environmental impacts – including on climate change – delivers important progress, we have upgraded our Scope 3 greenhouse gas (GHG) emissions reduction target from the initial 14% to 30% by 2030, as part of our ambition to achieve carbon neutrality by 2030.

In the third quarter of 2021, we pledged to achieve carbon neutrality by 2030 across all our operations and our entire value chain, as well as net zero greenhouse gas emissions by 2050. This brought our target date forward by 20 years compared with our previous pledge, made in 2015 after COP21 and the Paris Agreement. As part of this ambition, GHG reduction targets versus the 2019 baseline were set at 55% by 2030 for operations (Scopes 1 & 2) and at 14% for the value chain (Scope 3). Those goals have been validated by the Science Based Target initiative (SBTi). Sanofi submitted the Net-Zero Target and the upgraded Scope 3 reduction target to SBTi for validation last May.

Evolutive Vaccine Facility in Singapore: low energy intensity and 100% electrified by design

Building a path towards carbon neutrality is not only about revamping or optimizing existing facilities, but also about designing new factories with the lowest possible environmental footprint.

Our new vaccine facility in Singapore maximized its energy efficiency by including energy recovery in all processes. It is 100% electrified, with gas boilers replaced by heat pumps and energy recovery in all processes. All available surfaces are equipped with solar panels to generate renewable electricity. The remaining electricity supply will be sourced from renewable alternatives such as long-term power purchase agreements and renewable energy certificates, with the objective to source 100% renewable electricity by 2030, in line with our RE100 commitment.

ESG dashboard as of the second quarter of 2022

In 2020, when Sanofi renewed its CSR ambitions, we reviewed and updated our portfolio of initiatives. The numbers shown below highlight ongoing progress in the implementation of our integrated CSR strategy.

Data on YTD basis unless stated otherwise

Affordable access

Sanofi Global Health, a non-profit unit formed within the company in April 2021, aims to provide 30 of Sanofi's medicines across a wide range of therapeutic areas to patients in 40 of the lowest income countries. Beyond the products provided, Sanofi Global Health works on integrating programs that ensure optimal care management over time for patients.

Sanofi is also committed to helping 1,000 patients living with rare diseases who have no access to treatments, and will donate 100,000 vials of medicine for their treatments each year. This continues Sanofi's 30-year commitment to patients suffering from rare diseases, such as Fabry, Gaucher or Pompe diseases, for which access to treatment is often limited.

The third initiative on access is to develop a global access plan for all new products, making them available in selected relevant markets within two years of launch.

Affordable access		
Sanofi Global Health		
	Q1 2022	**Q2 2022**
Malaria	• **1,024,170** patients treated • **8** countries	• **1,693,770** patients treated • **10** countries
Tuberculosis	• **35,094** patients treated • **11** countries	• **76,634** patients treated • **13** countries
Non-communicable diseases	• **46,300** patients treated • **12** countries	• **85,956** patients treated • **21** countries
Rare disease vial donations		
	Q1 2022	**Q2 2022**
# Patients treated	**998**	**1,015**
#Vials donated	**22,682**	**51,370**
Global Access Plan		
	Q1 2022	**Q2 2022**
# of access plan	Pilot phase and blueprint completed	

R&D for unmet needs

Sanofi continues its efforts to fight polio and sleeping sickness, two of its legacy programs that address global health issues.

We have been involved in the fight against polio from the beginning, and continue to play a critical role in the delivery of polio vaccines. We have also committed to collaborate with the WHO to eliminate sleeping sickness by 2030.

Part of Sanofi's R&D ambition is to develop innovative medicines to eliminate cancer deaths in children.

R&D for unmet needs		
Eradicate Polio		
	Q1 2022	**Q2 2022**
# Inactivated Polio Vaccine (IPV) doses supplied	**16 million** IPV doses supplied to UNICEF for GAVI countries	**27 million** IPV doses supplied to UNICEF for GAVI countries
Sleeping sickness elimination		
	FY 2020	**FY 2021**
# Patients tested	**1.6** million	**2** million
# Patients treated	**663**	**805**
Pediatric cancer treatment development		
	Q1 2022	**Q2 2022**
# of assets identified	**1 of the 2** assets **in protocol preparation for clinical study**	• **1** asset in **pre-clinical assessments** • **1** asset in protocol **preparation for clinical study**

Planet care

To contribute to better resource conservation, Sanofi plans to remove all plastic blister packs for its syringe vaccines by 2027. In addition, we are committed to eco-designing all our new products by 2025. To reduce our greenhouse gas emissions by 55% by 2030, all Sanofi sites will use 100% electricity from renewable sources and we have also set a target of carbon neutrality for our car fleet, both by 2030.

Planet Care		
Blister free vaccines		
	Q1 2022	**Q2 2022**
% blister free syringe vaccines	**29%** of vaccines produced are blister free	Data updated annually
Eco design		
	Q1 2022	**Q2 2022**
# of Life Cycle Analysis (LCA)	**4 LCAs completed & 1 in progress** Eco-design digital solutions project launched	**5 LCAs completed & 3 in progress** Eco-design digital solutions project in progress
Scope 1 & 2 emissions		
	Q1 2022	**Q2 2022**
GHG reduction vs 2019 %	**-26%**	**-27%**
Renewable electricity		
	Q1 2022	**Q2 2022**
% electricity consumption from renewable sources	**60%**[1]	**60%**
Eco car fleet		
	Q1 2022	**Q2 2022**
% eco car fleet vs. total car fleet	**28.7%** eco-fleet	**30.4%** eco-fleet

1 Baseline recalculated following the spin-off of EUROAPI

In and beyond the workplace

As a global company, we are committed to ensuring that our leaders reflect the communities and patients we serve. We are committed to continue fostering an organization where all employees have equal opportunities to reach positions of responsibility within the company. Our ambition is to have 40% of women in top executive roles and 50% of women in senior leadership roles by 2025. We are continuing our social and economic engagement in the communities where we operate in. Finally, we are embedding our commitment to society in our leaders' career development paths to strengthen the social impact of their decisions.

In and beyond the workplace		
	Q1 2022	**Q2 2022**
Diverse Senior Leadership		
% of women	**35.1%** of our executives **40.4%** of our senior leaders were women	**35.9%** of our executives **41.1%** of our senior leaders were women
Engagement with communities		
	Q1 2022	**Q2 2022**
# volunteers	**4,975** volunteers	**1,998** volunteers
# hours	**26,906** hours	**12,687** hours
From Leaders to Citizens		
	Q1 2022	**Q2 2022**
KPI	Roll out planned in 2022	

ESG ratings

The ongoing implementation of our social impact strategy has led in recent months to a range of positive updates of the our rank or grade in most of the ESG rankings.

Rating agencies

	S&P Global Ratings	SUSTAINALYTICS	Dow Jones Sustainability Indexes	MSCI	CDP	ISS-oekom	FTSE4Good	access to medicine index	WDI	vigeo eiris
SCORE	86/100	22 Medium risk	74/100	A	Climate Change: A Water: A	B	4.2/5	3.47/5	92%	62/100
New rating		▲ 22.9	▼ 86/100	▲ B	▲ A-	= B	= 4.2/5	▲ 2.49/5	▲ 90%	▲ 58/100
	One of the highest scores across all sectors globally 80 points for its solid fundamentals & strong preparedness opinion of 6 points	14th among 455 pharmaceutical companies	9th in ranking among 91 pharmaceutical companies	4th among the 6 largest pharmaceutical companies	Leading position	1st decile of the 476 companies in the industry	With very high rating across the 3 pillars ESG	Top 5 company	Sanofi's disclosure score well above sector disclosure score (74%)	1st pharmaceutical company out of 57 Score in progress since 2018

▲ = Vs previous rating

C/ EVENTS SUBSEQUENT TO JUNE 30, 2022

Following clearance from the antitrust authorities, the exclusive licensing rights to *Libtayo*® have been definitively transferred to Regeneron with effect from July 1, 2022.

Sanofi Global Health announced on July 4, 2022 the launch of *Impact*®, a new brand of standard of care medicines produced by Sanofi dedicated for nonprofit distribution to at-risk populations in the world's most impoverished countries.

Sanofi announced on July 10, 2022 that the Phase III ATLAS-PPX study evaluating the efficacy and safety of once-monthly *fitusiran* (80 mg) in adults and adolescents with severe hemophilia A or B who were previously treated with prior factor or bypassing agent (BPA) prophylaxis had met the primary endpoint and demonstrated that fitusiran prophylaxis significantly reduced bleeding episodes compared to prior factor or BPA prophylaxis.

On July 10, 2022, Sanofi and Swedish Orphan Biovitrum AB (publ) (Sobi®) (STO: SOBI) presented for the first time, in a late-breaking session at the 30th International Society on Thrombosis and Haemostasis (ISTH) Congress, positive results from the XTEND-1 pivotal Phase III study evaluating the safety, efficacy and pharmacokinetics of *efanesoctocog alfa* (BIVV001), an investigational factor VIII replacement therapy, in previously treated adults and adolescents aged 12 years and over with severe hemophilia A.

On July 14, 2022, Sanofi announced that the Phase III trial assessing the investigational use of *Dupixent*® (dupilumab) in children aged 1 to 11 years with eosinophilic esophagitis (EoE) had met its primary endpoint of histological disease remission at 16 weeks with both higher and lower dose weight-tiered regimens. There are no approved treatments for children with EoE under 12 years of age.

D/ CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2022

Unless otherwise indicated, all financial data in this report are presented in accordance with international financial reporting standards (IFRS), including international accounting standards and interpretations (see Note A.1. to the condensed half-year consolidated financial statements).

Consolidated income statements for the six months ended June 30, 2021 and June 30, 2022

(€ million)	June 30, 2022 (6 months)	as % of net sales	June 30, 2021 (6 months) [a]	as % of net sales
Net sales	**19,790**	**100.0%**	**17,335**	**100.0%**
Other revenues	1,005	5.1%	596	3.4%
Cost of sales	(6,130)	(31.0)%	(5,542)	(32.0)%
Gross profit	**14,665**	**74.1%**	**12,389**	**71.5%**
Research and development expenses	(3,147)	(15.9)%	(2,663)	(15.4)%
Selling and general expenses	(4,953)	(25.0)%	(4,531)	(26.1)%
Other operating income	416		410	
Other operating expenses	(1,204)		(709)	
Amortization of intangible assets	(910)		(775)	
Impairment of intangible assets	(87)		(178)	
Fair value remeasurement of contingent consideration	(17)		(4)	
Restructuring costs and similar items	(792)		(343)	
Other gains and losses, and litigation	(142)		—	
Operating income	**3,829**	**19.3%**	**3,596**	**20.7%**
Financial expenses	(189)		(188)	
Financial income	34		28	
Income before tax and investments accounted for using the equity method	**3,674**	**18.6%**	**3,436**	**19.8%**
Income tax expense	(495)		(678)	
Share of profit/(loss) from investments accounted for using the equity method	58		26	
Net income	**3,237**	**16.4%**	**2,784**	**16.1%**
Net income attributable to non-controlling interests	53		20	
Net income attributable to equity holders of Sanofi	**3,184**	**16.1%**	**2,764**	**15.9%**
Average number of shares outstanding (million)	1,250.0		1,250.3	
Average number of shares after dilution (million)	1,255.3		1,255.6	
▪ Basic earnings per share (in euros)	2.55		2.21	
▪ Diluted earnings per share (in euros)	2.54		2.20	

(a) Includes the impacts of the IFRIC final agenda decisions of March 2021 on the costs of configuring or customising application software used in a Software as a Service (SaaS) arrangement and of April 2021 on the attribution of benefits to periods of service, as described in Note A.2.1 to the consolidated financial statements for the year ended December 31, 2021. Those impacts were not material as of June 30, 2021.

D.1. SEGMENT INFORMATION

D.1.1. OPERATING SEGMENTS

In accordance with IFRS 8 (Operating Segments), the segment information reported by Sanofi is prepared on the basis of internal management data provided to our Chief Executive Officer, who is the chief operating decision maker of Sanofi. The performance of those segments is monitored individually using internal reports and common indicators. The operating segment disclosures required under IFRS 8 are provided in Note B.20. to the condensed half-year consolidated financial statements.

Sanofi has three operating segments: Pharmaceuticals, Vaccines, and Consumer Healthcare.

The Pharmaceuticals segment comprises, for all geographical territories, the commercial operations of the following global franchises: Specialty Care (Dupixent®, Neurology & Immunology, Rare Diseases, Oncology, and Rare Blood Disorders) and General Medicines (Core Assets and Non-Core Assets), together with research, development and production activities dedicated to the Pharmaceuticals segment. This segment also includes associates whose activities are related to pharmaceuticals.

The Vaccines segment comprises, for all geographical territories, the commercial operations of Sanofi Pasteur, together with research, development and production activities dedicated to vaccines.

The Consumer Healthcare segment comprises, for all geographical territories, the commercial operations for Sanofi's Consumer Healthcare products, together with research, development and production activities dedicated to those products.

Inter-segment transactions are not material.

The costs of Sanofi's global support functions (External Affairs, Finance, Human Resources, Legal Affairs, Information Solutions & Technologies, Sanofi Business Services, etc.) are mainly managed centrally at group-wide level. The costs of those functions are presented within the "Other" category. That category also includes other reconciling items such as retained commitments in respect of divested activities.

D.1.2. BUSINESS OPERATING INCOME

We report segment results on the basis of "Business operating income". This indicator is used internally by Sanofi's chief operating decision maker to measure the performance of each operating segment and to allocate resources. For a definition of "Business operating income", and a reconciliation between that indicator and ***Income before tax and investments accounted for using the equity method***, refer to Note B.20.1.2. to our condensed half-year consolidated financial statements.

In the first half of 2022, "Business operating income" amounted to €5,818 million (versus €4,902 million for the first half of 2021), while "Business operating income margin" was 29.4% (versus 28.3% for the first half of 2021). "Business operating income margin" is a non-GAAP financial measure that we define as the ratio of "Business net income" to our consolidated net sales.

Because our "Business operating income" and "Business operating income margin" are not standardized measures, they may not be directly comparable with the non-GAAP financial measures of other companies using the same or similar non-GAAP financial measures. Despite the use of non-GAAP measures by management in setting goals and measuring performance, these are non-GAAP measures that have no standardized meaning prescribed by IFRS.

D.2. BUSINESS NET INCOME

We believe that understanding of our operational performance by our management and our investors is enhanced by reporting "Business net income". This non-GAAP financial measure represents "Business operating income", less net financial expenses and the relevant income tax effects.

"Business net income" for the first half of 2022 amounted to €4,594 million, 22.6% more than in the first half of 2021 (€3,747 million). That represents 23.2% of net sales, versus 21.6% for the first half of 2021.

We also report "Business earnings per share" (business EPS), a non-GAAP financial measure which we define as business net income divided by the weighted average number of shares outstanding.

Business EPS was €3.68 for the first half of 2022, 22.7% higher than the 2021 first-half figure of €3.00, based on an average number of shares outstanding of 1,250.0 million for the first half of 2022 and 1,250.3 million for the first half of 2021.

The table below reconciles our "Business operating income" to our "Business net income":

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months) [(a)]	December 31, 2021 (12 months)
Business operating income	**5,818**	**4,902**	**10,714**
Financial income and expenses	(155)	(160)	(328)
Income tax expense	(1,069)	(995)	(2,173)
Business net income	**4,594**	**3,747**	**8,213**

(a) Includes the impacts of the IFRIC final agenda decisions of March 2021 on the costs of configuring or customising application software used in a Software as a Service (SaaS) arrangement and of April 2021 on the attribution of benefits to periods of service, as described in Note A.2.1 to the consolidated financial statements for the year ended December 31, 2021. Those impacts were not material as of June 30, 2021.

We define "Business net income" as ***Net income attributable to equity holders of Sanofi*** determined under IFRS, excluding the following items:

- amortization and impairment losses charged against intangible assets (other than software and other rights of an industrial or operational nature);
- fair value remeasurements of contingent consideration relating to business combinations (IFRS 3) or divestments;
- expenses arising from remeasurement of inventories following a business combination (IFRS 3);
- restructuring costs and similar items (presented within the income statement line item ***Restructuring costs and similar items***);
- other gains and losses, including gains and losses on major disposals of non-current assets (presented within the income statement line item ***Other gains and losses, and litigation***);
- other costs or provisions relating to litigation (presented within the income statement line item ***Other gains and losses, and litigation***);
- the tax effects of the items listed above, and the impact of major tax disputes;
- shares of profits and losses from investments accounted for using the equity method, except for joint ventures and associates with which Sanofi has entered into a strategic partnership agreement;
- the effects of acquisitions and restructuring costs on investments accounted for using the equity method (for joint ventures and associates with which Sanofi has entered into a partnership agreement);
- the portion of the items listed above attributable to non-controlling interests.

The table below reconciles our "Business net income" to ***Net income attributable to equity holders of Sanofi***:

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months) [(c)]	December 31, 2021 (12 months)
Net income attributable to equity holders of Sanofi	**3,184**	**2,764**	**6,223**
Amortization of intangible assets [(a)]	910	775	1,580
Impairment of intangible assets	87	178	192
Fair value remeasurement of contingent consideration	17	4	4
Expenses arising from the impact of acquisitions on inventories	3	—	4
Restructuring costs and similar items	792	343	820
Other gains and losses, and litigation [(b)]	142	—	5
Tax effects of the items listed above:	(573)	(316)	(614)
▪ *amortization and impairment of intangible assets*	*(218)*	*(230)*	*(415)*
▪ *fair value remeasurement of contingent consideration*	*(18)*	*3*	*(2)*
▪ *tax effects of restructuring costs and similar items*	*(199)*	*(89)*	*(200)*
▪ *other tax effects*	*(138)*	—	*3*
Other items	32	(1)	(1)
Business net income	**4,594**	**3,747**	**8,213**
Average number of shares outstanding (million)	1,250.0	1,250.3	1,252.5
Basic earnings per share (in euros)	2.55	2.21	4.97
Reconciling items per share (in euros)	1.13	0.79	1.59
Business earnings per share (in euros)	3.68	3.00	6.56

(a) Includes amortization expense related to accounting for business combinations: €853 million in the six months ended June 30, 2022; €736 million in the six months ended June 30, 2021; and €1,484 million in the year ended December 31, 2021.

(b) In the first half of 2022, this line includes the pre-tax gain on the deconsolidation of EUROAPI (see note B.1. to the condensed half-year consolidated financial statements) and a charge to a provision for risks relating to a litigation.

(c) Includes the impacts of the IFRIC final agenda decisions of March 2021 on the costs of configuring or customising application software used in a Software as a Service (SaaS) arrangement and of April 2021 on the attribution of benefits to periods of service, as described in Note A.2.1 to the consolidated financial statements for the year ended December 31, 2021. Those impacts were not material as of June 30, 2021.

The most significant reconciling items between "Business net income" and ***Net income attributable to equity holders of Sanofi*** relate to (i) the purchase accounting effects of our acquisitions and business combinations, particularly the amortization and impairment of intangible assets (other than software and other rights of an industrial or operational nature) and (ii) the impacts of restructurings or transactions regarded as non-recurring, where the amounts involved are particularly significant. We believe that excluding those impacts enhances an investor's understanding of our underlying economic performance, because it gives a better representation of our recurring operating performance.

We believe that eliminating charges related to the purchase accounting effect of our acquisitions and business combinations (particularly amortization and impairment of some intangible assets) enhances comparability of our ongoing operating performance relative to our peers. Those intangible assets (principally rights relating to research, development and commercialization of products) are accounted for in accordance with IFRS 3 (Business Combinations) and hence may be subject to remeasurement. Such remeasurements are not made other than in a business combination.

We also believe that eliminating the other effects of business combinations (such as the incremental cost of sales arising from the workdown of acquired inventories remeasured at fair value in business combinations) gives a better understanding of our recurring operating performance.

Eliminating restructuring costs and similar items enhances comparability with our peers because those costs are incurred in connection with reorganization and transformation processes intended to optimize our operations.

Finally, we believe that eliminating the effects of transactions that we regard as non-recurring and that involve particularly significant amounts (such as major gains and losses on disposals, and costs and provisions associated with major litigation and other major non-recurring items) improves comparability from one period to the next.

We remind investors, however, that "Business net income" should not be considered in isolation from, or as a substitute for, ***Net income attributable to equity holders of Sanofi*** reported in accordance with IFRS. In addition, we strongly encourage investors and potential investors not to rely on any single financial measure but to review our financial statements, including the notes thereto, carefully and in their entirety.

We compensate for the material limitations described above by using "Business net income" only to supplement our IFRS financial reporting and by ensuring that our disclosures provide sufficient information for a full understanding of all adjustments included in "Business net income".

Because our "Business net income" and "Business EPS" are not standardized measures, they may not be directly comparable with the non-GAAP financial measures of other companies using the same or similar non-GAAP financial measures.

D.3. NET SALES

Net sales for the first half of 2022 amounted to €19,790 million, 14.2% higher than in the first half of 2021. Exchange rate fluctuations had a positive effect of 5.8 percentage points overall, due mainly to positive trends in the euro exchange rate against the US dollar, Chinese yuan and Brazilian real. At constant exchange rates (CER, see definition below), net sales rose by 8.4%, driven mainly by strong performances for Dupixent®. The year-on-year increase also reflects good performances by the Consumer Healthcare franchise, including robust growth for the Cough & Cold category; and growth for the Vaccines franchise, driven largely by a recovery in sales of Travel and Polio vaccines compared to 2021.

Reconciliation of net sales to net sales at constant exchange rates

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	Change
Net sales	**19,790**	**17,335**	**+14.2%**
Effect of exchange rates	(1,002)		
Net sales at constant exchange rates	**18,788**	**17,335**	**+8.4%**

When we refer to changes in our net sales at constant exchange rates (CER), that means we have excluded the effect of exchange rates by recalculating net sales for the relevant period using the exchange rates that were used for the previous period.

When we refer to changes in our net sales on a constant structure (CS) basis, that means that we eliminate the effect of changes in structure by restating the net sales for the previous period as follows:

- by including sales generated by entities or product rights acquired in the current period for a portion of the previous period equal to the portion of the current period during which we owned them, based on historical sales information we receive from the party from whom we make the acquisition;
- similarly, by excluding sales for a portion of the previous period when we have sold an entity or rights to a product in the current period; and
- for a change in consolidation method, by recalculating the previous period on the basis of the method used for the current period.

To facilitate analysis and comparisons with prior periods, some figures are given at constant exchange rates and on a constant structure basis (CER/CS).

D.3.1. NET SALES BY SEGMENT AND GLOBAL BUSINESS UNIT (GBU)

Our net sales comprise the net sales generated by our Pharmaceuticals, Vaccines and Consumer Healthcare segments. The table below also presents net sales by Global Business Unit (GBU).

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	Change on a reported basis	Change at constant exchange rates
Specialty Care GBU	7,642	5,978	+27.8%	+19.8%
General Medicines GBU	7,357	7,218	+1.9%	-2.3%
Pharmaceuticals segment	**14,999**	**13,196**	**+13.7%**	**+7.7%**
Vaccines GBU/segment	**2,198**	**1,937**	**+13.5%**	**+7.8%**
Consumer Healthcare GBU/segment	**2,593**	**2,202**	**+17.8%**	**+13.1%**
Total net sales	**19,790**	**17,335**	**+14.2%**	**+8.4%**

D.3.2. NET SALES BY GEOGRAPHICAL REGION AND PRODUCT

Net sales by main product and geographical region break down as follows:

(€ million)	Net sales	Change (CER)	Change (reported)	United States	Change (CER)	Europe	Change (CER)	Rest of the World	Change (CER)
Dupixent®	**3,577**	**+44.4%**	**+56.2%**	**2,653**	**+38.0%**	**450**	**+55.0%**	**474**	**+75.5%**
Aubagio®	1,017	-4.4%	+2.3%	689	-6.3%	269	+1.5%	59	-9.4%
Lemtrada®	45	—%	+4.7%	19	-15.0%	12	+9.1%	14	+16.7%
Kevzara®	172	+46.0%	+52.2%	90	+64.0%	53	+29.3%	29	+36.4%
Total Neurology & Immunology	**1,234**	**+0.7%**	**+7.3%**	**798**	**-1.8%**	**334**	**+5.4%**	**102**	**+4.1%**
Myozyme®/ Lumizyme®	487	-3.3%	+0.8%	163	-17.8%	206	+2.5%	118	+10.7%
Nexviazyme®	73	+6700.0%	+7200.0%	63	—%	3	+200.0%	7	—%
Fabrazyme®	458	+5.8%	+11.2%	221	+5.3%	116	+4.5%	121	+8.1%
Cerezyme®	367	+5.5%	+7.0%	94	+2.4%	126	+1.6%	147	+11.0%
Aldurazyme®	133	+4.9%	+8.1%	29	—%	45	+4.7%	59	+7.4%
Cerdelga®	139	+7.3%	+13.0%	75	+6.3%	55	+7.8%	9	+12.5%
Total Rare Diseases	**1,695**	**+6.7%**	**+10.9%**	**645**	**+7.4%**	**553**	**+4.2%**	**497**	**+9.0%**
Jevtana®	203	-20.8%	-15.4%	142	+8.4%	19	-74.7%	42	-8.7%
Sarclisa®	129	+67.6%	+74.3%	55	+78.6%	38	+40.7%	36	+89.5%
Fasturtec®	86	+8.1%	+16.2%	54	+14.0%	24	+9.1%	8	-22.2%
Libtayo®	88	+44.1%	+49.2%	—	—%	70	+43.8%	18	+45.5%
Total Oncology	**507**	**+7.4%**	**+13.4%**	**251**	**+20.0%**	**151**	**-12.8%**	**105**	**+20.0%**
Eloctate®	291	-3.2%	+4.7%	232	-2.8%	—	—%	59	-4.8%
Alprolix®	237	+9.0%	+18.5%	198	+10.5%	—	—%	39	+2.6%
Cablivi®	97	+9.5%	+15.5%	48	+2.3%	47	+17.5%	2	—%
Total Rare Blood Disorders	**629**	**+3.7%**	**+11.9%**	**482**	**+3.8%**	**47**	**+17.5%**	**100**	**-2.0%**
Specialty Care GBU	**7,642**	**+19.8%**	**+27.8%**	**4,829**	**+20.4%**	**1,535**	**+13.6%**	**1,278**	**+25.7%**
Lovenox®	714	-9.5%	-7.0%	7	-60.0%	353	-4.1%	354	-12.7%
Toujeo®	541	+4.4%	+8.2%	128	-4.2%	211	+8.2%	202	+5.9%
Plavix®	508	—%	+4.7%	5	-20.0%	52	-13.3%	451	+2.1%
Multaq®	178	+7.9%	+17.9%	160	+9.8%	9	-25.0%	9	+28.6%
Thymoglobulin®	210	+12.8%	+22.1%	121	+7.9%	17	+6.3%	72	+23.6%
Mozobil®	124	+6.4%	+12.7%	71	+6.7%	31	+6.9%	22	+4.8%
Praluent®	197	+79.8%	+89.4%	55	+860.0%	108	+42.7%	34	+33.3%
Soliqua® / Suliqua®	106	+10.0%	+17.8%	56	-3.8%	15	+7.1%	35	+43.5%
Rezurock®	84	—%	—%	84	—%	—	—%	—	—%
Other Core Assets	543	-0.8%	+4.0%	86	-36.6%	182	+4.0%	275	+15.2%
Total Core Assets	**3,205**	**+5.3%**	**+10.4%**	**773**	**+13.4%**	**978**	**+3.5%**	**1,454**	**+2.9%**
Lantus®	1,271	-6.7%	-1.4%	425	-10.3%	223	-9.3%	623	-3.3%
Aprovel®/Avapro®	245	+15.5%	+22.5%	3	—%	42	-10.6%	200	+24.0%
Other Non-Core Assets	2,320	-7.9%	-5.2%	196	-6.3%	593	-10.1%	1,531	-7.3%
Total Non-Core Assets	**3,836**	**-6.4%**	**-2.5%**	**624**	**-9.0%**	**858**	**-9.9%**	**2,354**	**-4.2%**
Industrial Sales	**316**	**-18.9%**	**-16.8%**	**13**	**-54.2%**	**294**	**-13.7%**	**9**	**-61.9%**
General Medicines GBU	**7,357**	**-2.3%**	**+1.9%**	**1,410**	**+1.0%**	**2,130**	**-4.8%**	**3,817**	**-2.0%**
Total Pharmaceuticals	**14,999**	**+7.7%**	**+13.7%**	**6,239**	**+15.4%**	**3,665**	**+2.1%**	**5,095**	**+3.9%**
Polio / Pertussis / Hib vaccines	1,202	+9.1%	+14.2%	224	-15.4%	161	+11.0%	817	+17.5%
Meningitis vaccines	265	-21.3%	-15.6%	185	-19.3%	6	+500.0%	74	-30.2%
Booster vaccines (incl. Adacel®)	261	+18.4%	+26.7%	144	+15.0%	74	+12.1%	43	+48.1%
Travel and endemics vaccines	243	+73.7%	+82.7%	74	+83.3%	42	+215.4%	127	+47.6%
Influenza vaccines	181	-10.7%	-7.7%	12	—%	37	+105.6%	132	-28.7%
Total Vaccines	**2,198**	**+7.8%**	**+13.5%**	**678**	**-2.1%**	**321**	**+31.1%**	**1,199**	**+8.2%**
Allergy	418	+13.4%	+21.9%	249	+13.5%	37	+8.8%	132	+14.7%
Cough & Cold	219	+96.4%	+99.1%	—	—%	122	+165.2%	97	+46.9%
Pain Care	618	+13.8%	+17.0%	103	+2.2%	289	+15.6%	226	+17.1%
Digestive Wellness	661	+11.5%	+15.4%	62	-8.2%	224	+12.0%	375	+15.1%
Physical Wellness	173	+5.0%	+8.8%	—	—%	11	-15.4%	162	+6.8%
Mental Wellness	123	+13.1%	+15.0%	24	-4.3%	60	+9.1%	39	+34.5%
Personal Care	279	+1.6%	+10.7%	209	-0.5%	1	-50.0%	69	+10.2%
Non-Core / Other	102	-22.3%	-21.5%	(2)	-175.0%	37	-32.1%	67	-6.8%
Total Consumer Healthcare	**2,593**	**+13.1%**	**+17.8%**	**645**	**+2.6%**	**781**	**+19.4%**	**1,167**	**+14.9%**
Total Sanofi	**19,790**	**+8.4%**	**+14.2%**	**7,562**	**+12.4%**	**4,767**	**+6.2%**	**7,461**	**+6.2%**

D.3.3. PHARMACEUTICALS SEGMENT

In the first half of 2022, net sales for our **Pharmaceuticals** segment reached €14,999 million, up 13.7% on a reported basis and 7.7% at constant exchange rates.

The year-on-year rise of €1,803 million builds in positive exchange rate effects of €789 million, and the following effects at constant exchange rates:

- positive performances from Dupixent® (+€1,017 million), the Rare Diseases franchise (+€103 million), and the Core Assets category of the General Medicines franchise (+€154 million); and
- a negative performance from the Non Core-Asset category of the General Medicines franchise (-€250 million).

Comments on the performances of our major Pharmaceuticals segment products are provided below.

SPECIALTY CARE GBU

DUPIXENT®

Dupixent® (developed in collaboration with Regeneron) generated net sales of €3,577 million in the first half of 2022, up 56.2% on a reported basis and 44.4% at constant exchange rates. In the United States, sales of Dupixent® reached €2,653 million in the first half of 2022, driven by continuing strong demand in the treatment of atopic dermatitis (AD) in adults, adolescents and children aged 6 to 11 years, along with continued uptake in asthma for patients aged 12 years and older and children aged 6 to 11 years and in chronic rhinosinusitis with nasal polyposis (CRSwNP). In Europe, the product's net sales for the first half of 2022 totaled €450 million, up 55.0% CER, driven by continued growth in AD and additional launches in younger populations for AD, asthma and CRSwNP. In the Rest of the World region, Dupixent® posted net sales of €474 million (+75.5% CER), including €180 million in Japan. In China, Dupixent® was approved in February 2022 for the treatment of atopic dermatitis in children aged 6 months to 5 years, and generated net sales of €104 million in China in the first half of 2022. Sanofi has revised its ambitions upwards and now aims to achieve, at maturity, more than €13 billion in sales for Dupixent® (excluding chronic obstructive pulmonary disease).

NEUROLOGY AND IMMUNOLOGY

In the first half of 2022, the **Neurology and Immunology** franchise reported net sales of €1,234 million, up 7.3% on a reported basis and 0.7% at constant exchange rates, reflecting a rise in **Kevzara®** sales.

Net sales of **Aubagio®** amounted to €1,017 million, down 4.4% CER. This reflected a decrease in sales in the United States (-6.3% CER at €689 million) due to stronger competitive pressure and also a price effect, though that was partly offset by growth in Europe (+1.5% CER at €269 million) driven by increased demand.

First-half net sales of **Lemtrada®** were stable at €45 million, with lower sales in the United States (-15.0% CER at €19 million) partly offset by stronger demand in the Rest of the World region (+16.7% CER at €14 million) and Europe (+9.1% CER at €12 million).

First-half net sales of **Kevzara®** (developed in collaboration with Regeneron) reached €172 million (+46.0% CER), driven by sales growth in the US (+64.0% CER at €90 million), Europe (+29.3% CER at €53 million) and the Rest of the World (+36.4% CER at €29 million), mainly due to temporarily increased global demand for IL-6 receptor blockers.

RARE DISEASES

In the first half of 2022, net sales for the **Rare Diseases** franchise were €1,695 million, up 10.9% on a reported basis and 6.7% at constant exchange rates. Sales rose across all three geographies: by 4.2% CER to €553 million in Europe, by 7.4% CER to €645 million in the United States, and by 9.0% CER to €497 million in the Rest of the World region.

Net sales of **Cerezyme®** grew in the first half of 2022 (+5.5% CER at €367 million), helped by a solid performance in the Rest of the World region (+11.0% CER at €147 million). Sales of **Cerdelga®** increased sharply (+7.3% CER at €139 million), driven by new patients. Overall, sales for the Gaucher disease franchise (Cerezyme® and Cerdelga®) rose by 6.0% CER to €506 million.

Net sales of **Myozyme® / Lumizyme®** + **Nexviazyme®** for the treatment of Pompe disease increased by 10.5% CER in the first half of 2022 to €560 million, with US sales of **Nexviazyme®** (€63 million) more than offsetting lower sales of **Myozyme® / Lumizyme®** (-17.8% CER at €163 million). In the Rest of the World region, **Myozyme® / Lumizyme®** posted further sales growth (+10.7% CER at €118 million).

In the first half of 2022, net sales of the **Fabry disease** treatment **Fabrazyme®** amounted to €458 million, up 5.8% CER. All geographies are growing, driven by the Rest of the World region (+8.1% CER at €121 million, despite unfavorable timing of purchases), followed by the United States (+5.3% CER at €221 million) and Europe (+4.5% CER at €116 million).

ONCOLOGY

First-half net sales for the **Oncology** franchise were up 13.4% on a reported basis and 7.4% at constant exchange rates at €507 million, as launches of **Sarclisa®** more than offset the effects of generic competition for **Jevtana®** in Europe.

Jevtana® reported net sales of €203 million in the first half of 2022, down 20.8% CER, following the launch at end March 2021 of generics in some European markets, where sales were down 74.7% CER at €19 million. Sales of the product also decreased in the Rest of the World region (-8.7% CER at €42 million). Sales rose by 8.4% CER to €142 million in the United States, where Jevtana® is currently covered by four Orange Book listed patents: US 7,241,907, US 8,927,592, US 10,583,110 and US 10,716,777. Sanofi filed patent infringement suits under Hatch-Waxman against generic filers asserting the '110 patent, the '777 patent and the '592 patent in the US District Court for the District of Delaware. Sanofi has reached settlement agreements with some of the defendants, and the suit against the remaining defendants is ongoing. A three-day trial has been scheduled starting January 2023, and the remaining defendants have agreed not to launch any generic cabazitaxel product until the earlier of a District Court decision in favor of the defendants or four months after the completion of the post-trial briefing. Jevtana® has also received a regulatory data exclusivity related to the CARD clinical study, which expires in December 2023.

Sales of **Libtayo**® (developed in collaboration with Regeneron) outside the United States amounted to €88 million (+44.1% CER) in the first half of 2022. Sanofi has restructured its immuno-oncology collaboration with Regeneron Pharmaceuticals by granting Regeneron worldwide exclusive license rights to Libtayo® under an amended and restated license and collaboration agreement that transfers the rights to develop, commercialize and manufacture Libtayo®. Sanofi will stop consolidating non-US Libtayo® sales from the third quarter of 2022.

Sarclisa® generated net sales of €129 million in the first half of 2022, driven by product launches in new countries. Sales reached €55 million in the United States (+78.6% CER), €38 million in Europe (+40.7% CER), and €36 million in the Rest of the World region (+89.5% CER) driven by a strong performance in Japan.

RARE BLOOD DISORDERS

In the first half of 2022, the **Rare Blood Disorders** franchise generated net sales of €629 million, up 11.9% on a reported basis and 3.7% at constant exchange rates, driven by growth for Alprolix® and Cablivi®**.**

Eloctate®, indicated in the treatment of hemophilia A, generated net sales of €291 million in the first half of 2022, down 3.2% at constant exchange rates, reflecting lower sales in the US (due to the competitive environment) and in the Rest of the World region.

In the first half of 2022, sales of **Alprolix**®, indicated in the treatment of hemophilia B, amounted to €237 million, up 9.0% CER. Growth was driven by the United States, where sales of the product were up 10.5% CER at €198 million.

Cablivi®, a treatment for adults with the rare acute blood disorder acquired thrombotic thrombocytopenic purpura (aTTP), posted net sales of €97 million in the first half of 2022 (+9.5% CER), including €48 million in the United States (+2.3% CER). In Europe, sales reached €47 million (+17.5% CER), propelled by launches in new countries.

GENERAL MEDICINES GBU

In the first half of 2022, net sales of the General Medicines GBU reached €7,357 million, up 1.9% on a reported basis and 2.3% at constant exchange rates. Following the February 2021 Capital Markets Day, Sanofi decided to prioritize within its General Medicines portfolio core products that have differentiated and/or established profiles and significant opportunity for growth in key markets. “Core Assets” include Toujeo®, Soliqua®, Praluent®, Multaq®, Lovenox®, Plavix® and others. Sales of Core Assets in the first half of 2022 were up 5.3% CER at €3,205 million, driven by a good performance from Praluent®. Non-Core Assets posted sales of €3,836 million, down 6.4% CER, reflecting a streamlining of the portfolio and lower sales of Lantus®. First-half industrial sales, mainly comprising sales of active ingredients and semi-finished products to third parties, declined by 18.9% CER to €316 million. Excluding portfolio streamlining, first-half General Medicines GBU sales were down 1.6% CER.

CORE ASSETS

In the first half of 2022, global **Core Assets** sales were €3,205 million, up 10.4% on a reported basis and 5.3% at constant exchange rates, with higher sales of Praluent®, Rezurock® (consolidated from November 9, 2021) and Toujeo® partly offset by lower sales of Lovenox®. Sales rose in all geographies during the period, with the strongest growth in the United States (+13.4% CER at €773 million).

Net sales of **Lovenox**® in the first half of 2022 were €714 million, down 9.5% CER, largely due to lower sales in the Rest of the World region (-12.7% CER) due to a high comparative base for 2021 (when demand was high due to COVID-19) and competition from biosimilars.

Toujeo® posted 2022 first-half net sales of €541 million, up 4.4% CER, with strong performances in the Rest of the World and Europe partly offset by lower sales in the United States.

Sanofi participated in the Volume Based Procurement (VBP) tender for basal insulin analogs in China in November 2021, and was among the successful bidders in Group A with Toujeo® and Lantus®. Consequently, Sanofi expects its sales of insulin glargines (Toujeo®/Lantus®) to decrease by up to 30% in China in 2022, with high volumes but significantly lower prices. First-half Toujeo®/Lantus® sales in China were down 5.3% CER at €294 million.

In the first half of 2022, net sales of **Plavix®** were stable at €508 million, as sales growth in the Rest of the World region (+2.1% CER) offset lower sales in the United States and Europe. In China, first-half net sales of Plavix® were up 6.6% CER at €248 million.

Net sales of **Multaq**® totaled €178 million in the first half of 2022, up 7.9% CER, mainly on a strong recovery in US sales (+9.8% CER).

In the first half of 2022, net sales of **Praluent**® were €197 million, up 79.8% CER, reflecting a solid performance in Europe (+42.7% CER) and in the United States (+860.0% CER). US sales figures reflect an accounting adjustment, with sales in that territory now consolidated by Regeneron following the restructuring of the Alliance. In the Rest of the World region, sales of the product were up 33.3% CER. In China, where Praluent® has been included on the National Reimbursement Drug List (NRDL) since the start of 2022, net sales rose by 30%.

In the first half of 2022, net sales of **Soliqua**® were up 10.0% CER at €106 million, driven by the Rest of the World region (+43.5% CER) on new launches and the results of the Solimix study.

Sales of Rezurock®, approved by the FDA in July 2021 as a first-in-class treatment for chronic graft-versus-host disease (cGVHD) in adult and pediatric patients 12 years and older who have failed at least two prior lines of systemic therapy, have been consolidated since November 9, 2021 (as a result of Sanofi’s acquisition of Kadmon); the product generated net sales of €84 million in the first half of 2022. The robust adoption of Rezurock® across US stem cell transplant centers reflects unmet therapeutic needs, and the product’s unique clinical value. Since launch, over 1,000 patients (25% of the addressable patient population) have been treated with Rezurock®**,** with excellent persistency rates. The product has broad formulary coverage, with around 80% of lives covered nationally.

NON-CORE ASSETS

Net sales of **Non-Core Assets** for the first half of 2022 were €3,836 million, down 6.4% at constant exchange rates, reflecting portfolio streamlining (-1.6 of a percentage point) and the impact of China’s VBP program on sales of Lantus®, Eloxatin® and Taxotere®.

Net sales of **Lantus®** in the first half of 2022 were down 6.7% CER at €1,271 million, reflecting lower sales in the United States (-10.3% CER) under the effects of the loss of referencing in reimbursement lists. In the Rest of the World region, sales were down 3.3% CER, reflecting a contraction in the basal insulin market and the implementation of the VBP program in China from May 2022.

Net sales of **Aprovel®/Avapro®** for the first half of 2022 were €245 million, up 15.5% CER, driven by the Rest of the World region as supply constraints started to ease.

D.3.4. VACCINES SEGMENT/GBU

In the first half of 2022, the Vaccines segment posted net sales of €2,198 million, up 13.5% on a reported basis and 7.8% at constant exchange rates, driven mainly by double-digit growth for Travel and Booster vaccines.

Net sales of **Polio/Pertussis/Hib** vaccines in the first half of 2022 were €1,202 million, up 9.1% CER. The Rest of the World region posted growth of 17.5% CER to €817 million on a strong performance for Pentaxim® in China, though sales in the United States were down year-on-year (-15.4% CER at €224 million), with Polio/Pertussis/Hib vaccine sales impacted by a growing market share for Vaxelis® (launched in the United States in June 2021). US sales of Vaxelis® are not consolidated by Sanofi, and the profits are shared equally between Sanofi and Merck.

Sales of **Meningitis** vaccines in the first half of 2022 decreased by 21.3% CER to €265 million, due to lower sales in Latin America reflecting price competition in public tenders.

Net sales of **Booster** vaccines for the period were up 18.4% CER at €261 million on a recovery in sales relative to 2021 in the United States (+15.0% CER at €144 million), the Rest of the World region (+48.1% CER at €43 million) and Europe (+12.1% CER at €74 million), in line with post-COVID-19 pandemic recovery.

First-half net sales of **Travel and Endemics vaccines** were €243 million, up 73.7% CER, reflecting a partial recovery in vaccinations of travelers in Europe and the US, and higher sales of Endemics vaccines in the Rest of the World region.

First-half sales of **Influenza vaccines** were down year-on-year (-10.7% CER at €181 million), due to exceptionally high demand in the first quarter of 2021.

D.3.5. CONSUMER HEALTHCARE SEGMENT/GBU

Net sales for the **Consumer Healthcare** (CHC) segment for the first half of 2022 were up 17.8% on a reported basis and 13.1% at constant exchange rates at €2,593 million. The Cough & Cold category posted strong sales growth (+96.4% CER at €219 million), associated with the end of social distancing and mask-wearing related to the COVID-19 pandemic. Divestments of non-core products had a negative impact of 1.0 percentage point on first-half growth.

In the **United States**, Consumer Healthcare first-half net sales were up 2.6% CER at €645 million, with double-digit growth for the Allergy category (+13.5% CER at €249 million) partially offset by lower sales of Personal Care products and non-core assets, due mainly to supply constraints.

In **Europe**, Consumer Healthcare net sales were up 19.4% CER in the first half of 2022 at €781 million, mainly as a result of strong growth for Cough & Cold category products following the end of the social distancing and mask-wearing requirements imposed during the COVID-19 pandemic.

In the **Rest of the World** region, first-half Consumer Healthcare net sales increased by 14.9% CER to €1,167 million, with growth in all categories but mainly in Cough & Cold (46.9% CER at €97 million) and Mental Wellness (34.5% CER at €39 million).

D.3.6. NET SALES BY GEOGRAPHICAL REGION

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	Change on a reported basis	Change at constant exchange rates
United States	7,562	*6,088*	+24.2%	+12.4%
Europe	4,767	*4,472*	+6.6%	+6.2%
Rest of the World	7,461	6,775	+10.1%	+6.2%
of which China	*1,699*	*1,380*	*+23.1%*	*+12.3%*
of which Japan	*836*	*830*	*+0.7%*	*+4.0%*
of which Brazil	*503*	*453*	*+11.0%*	*-3.5%*
of which Russia	*341*	*300*	*+13.7%*	*+10.3%*
Total net sales	**19,790**	**17,335**	**+14.2%**	**+8.4%**

In the first half of 2022, net sales in the **United States** reached €7,562 million, up 24.2% on a reported basis and 12.4% at constant exchange rates, reflecting a strong performance from Dupixent® (+38.0% CER at €2,653 million).

In **Europe**, 2022 first-half net sales increased by 6.6% on a reported basis and 6.2% at constant exchange rates, to €4,767 million. This reflects strong growth for Dupixent®, combined with increased sales for the Rare Diseases and Rare Blood Disorders franchises within the Specialty Care GBU, and also for the Vaccines and Consumer Healthcare GBUs.

In the **Rest of the World** region, first-half net sales increased by 10.1% on a reported basis and 6.2% at constant exchange rates to €7,461 million on solid performances from Dupixent®, the Specialty Care GBU, Vaccines and Consumer Healthcare. This more than offset lower sales for the General Medicines franchise. In **China**, net sales advanced by 12.3% CER to €1,699 million, boosted by sales growth for Dupixent® and the AcXim vaccine. In **Japan**, net sales rose by 4.0% CER in the first half at €836 million, largely on higher sales of Dupixent®. In **Russia**, first half sales increased by 10.3% CER due to strong growth in sales for the Cough & Cold category and increased sales of vaccines. In March 2022, Sanofi took the decision to stop all new spending not directly related to the supply of its essential medicines and vaccines in Russia. This includes advertising and promotional activities.

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D.4. OTHER INCOME STATEMENT ITEMS

D.4.1. OTHER REVENUES

Other revenues increased by 68.6% to €1,005 million in the first half of 2022 (versus €596 million in the first half of 2021). This line item mainly comprises VaxServe sales of non-Sanofi products (€679 million, versus €454 million for the first half of 2021, within the Vaccines segment). This line item also includes revenues arising from the distribution of Eloctate® and Alprolix® (mainly in Europe) under Sanofi's agreements with Swedish Orphan Biovitrum AB (Sobi).

D.4.2. GROSS PROFIT

Gross profit for the first half of 2022 was € 14,668 million, versus € 12,389 million for the first half of 2021, a rise of 18.4%. Gross margin was also higher, at 74.1% for the first half of 2022 compared with 71.5% for the first half of 2021.

In the Pharmaceuticals segment, gross margin for the first half of 2022 was up 3.2 percentage points at 78.2%, driven by a favorable product mix and efficiency gains in Industrial Affairs.

In the Vaccines segment, gross margin for the first half of 2022 was up 1.3 percentage points at 60.4%.

In the Consumer Healthcare segment, gross margin for the first half of 2022 was 0.2 of a percentage point lower at 66.8%.

D.4.3. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses (R&D expenses) in the first half of 2022 totaled €3,147 million (versus €2,663 million in the first half of 2021). That represents 15.9% of net sales, compared with 15.4% in the first half of 2021. R&D expenses rose by 18.2%, reflecting increased expenditures on priority projects and acquisitions.

D.4.4. SELLING AND GENERAL EXPENSES

Selling and general expenses amounted to €4,953 million in the first half of 2022 (25.0% of net sales), versus €4,531 million in the first half of 2021 (26.1% of net sales); this 9.3% year-on-year increase reflected increased promotional spend in Specialty Care, partly offset by tight cost control.

D.4.5. OTHER OPERATING INCOME AND EXPENSES

In the first half of 2022, ***Other operating income*** amounted to €416 million (versus €410 million in the first half of 2021), and ***Other operating expenses*** to €1,204 million (versus €709 million in the first half of 2021).

Overall, other operating income and expenses represented a net expense of €788 million in the first half of 2022, compared with a net expense of €299 million in the first half of 2021.

(€ million)	June 30, 2022	June 30, 2021	Change
Other operating income	416	410	+6
Other operating expenses	(1,204)	(709)	(495)
Other operating income/(expenses), net	**(788)**	**(299)**	**(489)**

For the first half of 2022, this item included €1,068 million of expenses relating to the alliance with Regeneron (versus €555 million in the first half of 2021), as shown in the table below.

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
Income & expense related to (profit)/loss sharing under the Monoclonal Antibody Alliance	(979)	(521)	(1,253)
Additional share of profit paid by Regeneron towards development costs	97	51	127
Reimbursement to Regeneron of selling expenses incurred	(216)	(116)	(303)
Total: Monoclonal Antibody Alliance	**(1,098)**	**(586)**	**(1,429)**
Immuno-Oncology Alliance	**36**	**37**	**68**
Other (mainly Zaltrap®)	**(6)**	**(6)**	**(12)**
Other operating income/(expenses), net related to Regeneron Alliance	**(1,068)**	**(555)**	**(1,373)**

Other operating income and expenses (net) also includes gains on divestments of assets and operations amounting to €288 million, mainly from divestments of mature products (versus €156 million for the first half of 2021) and, in 2021, a payment of €119 million from Daiichi Sankyo relating to the ending of a vaccines collaboration in Japan.

D.4.6. AMORTIZATION OF INTANGIBLE ASSETS

Amortization charged against intangible assets in the first half of 2022 was €910 million, versus €775 million in the first half of 2021. This rise mainly reflects recent acquisitions (Kadmon, Amunix Pharmaceuticals, Inc., Kiadis, Tidal) and commissioning of intangible assets.

D.4.7. IMPAIRMENT OF INTANGIBLE ASSETS

The results of impairment tests on other intangible assets led to the recognition of a net impairment loss of €87 million in the first half of 2022, mainly linked to research activities.

In the first half of 2021, the net impairment loss of €178 million related mainly to in-house and partnered development projects in Specialty Care and Vaccines.

D.4.8. FAIR VALUE REMEASUREMENT OF CONTINGENT CONSIDERATION

Fair value remeasurements of contingent consideration assets and liabilities relating to business combinations (recognized in accordance with IFRS 3) represented a net expense of €17 million in the first half of 2022, versus a net expense of €4 million in the first half of 2021.

The remeasurements recognized in the first half of 2022 relate mainly to the effects of the unwinding of discount.

D.4.9. RESTRUCTURING COSTS AND SIMILAR ITEMS

Restructuring costs and similar items amounted to a charge of €792 million in the first half of 2022, compared with a charge of €343 million in the first half of 2021, up €449 million year-on-year.

That increase mainly reflects provisions for severance benefits recognized further to announcements made during the first half of 2022. It also reflects ongoing transformational projects, primarily those associated with the creation of the new standalone Consumer Healthcare entity and the implementation of Sanofi's new digital strategy.

D.4.10. OTHER GAINS AND LOSSES, AND LITIGATION

For the first half of 2022, ***Other gains and losses, and litigation*** line includes the pre-tax gain on the deconsolidation of EUROAPI (see Note B.1. to the condensed half-year consolidated financial statements) and a charge to a provision for risks related to a litigation.

D.4.11. OPERATING INCOME

Operating income amounted to €3,829 million in the first half of 2022, versus €3,596 million in the first half of 2021. The increase was mainly due to growth in business operating income (see section D.5. below), partially offset by a higher level of restructuring costs (see section D.4.9 above).

D.4.12. FINANCIAL INCOME AND EXPENSES

Net financial expenses were €155 million for the first half of 2022, €5 million lower than the 2021 first-half figure of €160 million.

Our cost of net debt (see the definition in Section D.7., "Consolidated balance sheet" below) decreased to €92 million in the first half of 2022, versus €138 million in the first half of 2021.

D.4.13. INCOME BEFORE TAX AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Income before tax and investments accounted for using the equity method for the first half of 2022 was €3,674 million, versus €3,436 million for the first half of 2021.

D.4.14. INCOME TAX EXPENSE

Income tax expense totaled €495 million in the first half of 2022, versus €678 million in the first half of 2021, giving an effective tax rate (based on consolidated net income) of 13.5%, versus 19.8% in the first half of 2021. The year-on-year change in income tax expense and the effective tax rate was mainly due to the tax effects on the disposal of EUROAPI shares, which generated a net gain of €102 million in the first half of 2022. It also reflects the tax effects on amortization and impairment of intangible assets (€218 million in the first half of 2022, versus €230 million in the first half of 2021), on restructuring costs (€199 million in the first half of 2022, versus €89 million in the first half of 2021), and tax effects relating to contingencies arising from business divestitures.

The effective tax rate on our "Business net income"[1] is a non-GAAP financial measure. It is calculated on the basis of business operating income, minus net financial expenses and before (i) the share of profit/loss from investments accounted for using the equity method and (ii) net income attributable to non-controlling interests. We believe the presentation of this measure, used by our management, is also useful for investors as it provides a mean of analyzing the effective tax cost of our current business activities. It should not be seen as a substitute for the effective tax rate based on consolidated net income.

When calculated on business net income, our effective tax rate was 19.0% in the first half of 2022, compared with 21.0% in the first half of 2021 and 20.9% for 2021 as a whole.

D.4.15. SHARE OF PROFIT/(LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Share of profit/(loss) from investments accounted for using the equity method amounted to €58 million in the first half of 2022, versus net income of €26 million in the comparable period of 2021. This line item includes the share of profits generated by Vaxelis®.

D.4.16. NET INCOME

Net income amounted to €3,237 million in the first half of 2022, versus €2,784 million in the first half of 2021.

D.4.17. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net income attributable to non-controlling interests for the first half of 2022 was €53 million, against €20 million for the first half of 2021.

D.4.18. NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF SANOFI

Net income attributable to equity holders of Sanofi amounted to €3,184 million in the first half of 2022, compared with €2,764 million in the first half of 2021.

Basic earnings per share (EPS) was €2.55 euros, compared with €2.21 for the first half of 2021, based on an average number of shares outstanding of 1,250.0 million for the first half of 2022 and 1,250.3 million for the first half of 2021. Diluted earnings per share was €2.54, versus €2.20 for the first half of 2021, based on an average number of shares after dilution of 1,255.3 million for the first half of 2022 and 1,255.6 million for the first half of 2021.

[1] *See definition in section D.2., "Business net income".*

D.5. SEGMENT RESULTS

In the first half of 2022, our "Business operating income" (see Note B.20.1. to our condensed half-year consolidated financial statements for a definition and further details) was €5,818 million (versus €4,902 million for the first half of 2021), an increase of 18.7%, while "Business operating income margin" was 29.4% (versus 28.3% for the first half of 2021).

The table below shows our "Business operating income" by segment:

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months) (a)	Change
Pharmaceuticals segment	5,657	4,911	+15.2%
Vaccines segment	582	597	-2.5%
Consumer Healthcare segment	1,019	731	+39.4%
Other	(1,440)	(1,337)	
Business operating income	**5,818**	**4,902**	**+18.7%**

(a) Includes the impact of the April 2021 IFRIC agenda decision on the allocation of benefits to service periods, as described in Note A.2.1. to the consolidated financial statements for the year ended December 31, 2021.

D.6. CONSOLIDATED STATEMENTS OF CASH FLOWS

Summarized consolidated statements of cash flows

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
Net cash provided by/(used in) operating activities	3,825	4,727	10,522
Net cash provided by/(used in) investing activities	(1,459)	(2,312)	(7,298)
Net cash provided by/(used in) financing activities	(5,605)	(6,616)	(7,056)
Impact of exchange rates on cash and cash equivalents	40	8	15
Net change in cash and cash equivalents	**(3,199)**	**(4,193)**	**(3,817)**

Net cash provided by/(used in) operating activities represented a net cash inflow of €3,825 million in the first half of 2022, against €4,727 million in the first half of 2021.

Operating cash flow before changes in working capital for the first half of 2022 was €4,867 million, versus €4,192 million in the first half of 2021.

Working capital requirements increased by €1,042 million in the first half of 2022 (versus a decrease of €535 million in the first half of 2021), due largely to a €1,122 million increase in inventories, mainly in the Vaccines segment (due to production of influenza vaccines) and in the Pharmaceuticals segment (especially Dupixent®).

Net cash provided by/(used in) investing activities represented a net cash outflow of €1,459 million in the first half of 2022, due mainly to the acquisition of Amunix Pharmaceuticals, Inc. for €852 million (see Note B.1. to our condensed half-year consolidated financial statements). That compares with a net cash outflow of €2,312 million in the first half of 2021, resulting mainly from the acquisitions of Kymab for €922 million, Kiadis for €319 million and Tidal for €135 million.

Acquisitions of property, plant and equipment and intangible assets totaled €974 million, versus €991 million in the first half of 2021. There were €693 million of acquisitions of property, plant and equipment (versus €668 million in the first half of 2021), most of which (€467 million) were in the Pharmaceuticals segment, primarily in industrial facilities. The Vaccines segment accounted for €197 million of the acquisitions of property, plant and equipment during the period. Acquisitions of intangible assets (€281 million, versus €323 million in the first half of 2021) mainly comprised contractual payments for intangible rights, primarily under license and collaboration agreements.

After-tax proceeds from disposals amounted to €645 million in the first half of 2022, and related mainly to divestments of operations relating to certain Consumer Healthcare products and established prescription products, plus the divestment of the equity interest in Regeneron. In the first half of 2021, after-tax proceeds from disposals were €299 million, mainly on divestments of various established prescription products.

Net cash provided by/(used in) financing activities represented a net cash outflow of €5,605 million in the first half of 2022, compared with a net outflow of €6,616 million in the first half of 2021. The 2022 first-half figure includes the dividend payout to our shareholders of €4,168 million (versus €4,008 million in the first half of 2021); net external debt repayments of €1,048 million (versus €2,450 million in the first half of 2021); and movements in Sanofi's share capital (purchases and disposals of treasury shares, net of capital increases) that represented a net outflow of €320 million (versus a net outflow of €117 million in the first half of 2021).

The ***net change in cash and cash equivalents*** in the first half of 2022 was a decrease of €3,199 million, compared with a decrease of €4,193 million in the first half of 2021.

"Free cash flow" is a non-GAAP financial measure which is reviewed by our management, and which we believe provides useful information to measure the net cash generated from the Company's operations that is available for strategic investments[1] (net of divestments[1]), for debt repayment, and for payments to shareholders. Free cash flow is determined from business net income[2] after adding back (in the case of expenses and losses) or deducting (in the case of income and gains) the following items: depreciation, amortization and impairment, share of undistributed earnings from investments accounted for using the equity method, gains & losses on disposals of non-current assets, net change in provisions (including pensions and other post-employment benefits), deferred taxes, share-based payment expense and other non-cash items. It also includes net changes in working capital, capital expenditures and other asset acquisitions[3] net of disposal proceeds[3] and payments related to restructuring and similar items. "Free cash flow" is not defined by IFRS, and is not a substitute for ***Net cash provided by/(used in) operating activities*** as reported under IFRS. Management recognizes that the term "Free cash flow" may be interpreted differently by other companies and under different circumstances.

[1] *Above a cap of €500 million per transaction.*
[2] *Non-GAAP financial measure, as defined in "Business net income" above.*
[3] *Not exceeding a cap of €500 million per transaction.*

The table below sets forth a reconciliation between ***Net cash provided by/(used in) operating activities*** and "Free cash flow":

(€ million)	June 30, 2022 (6 months)	June 30, 2021 (6 months) [b]
Net cash provided by/(used in) operating activities [a]	**3,825**	**4,727**
Acquisitions of property, plant and equipment and software	(696)	(673)
Acquisitions of intangible assets, equity interests and other non-current financial assets [b]	(419)	(902)
Proceeds from disposals of property, plant and equipment, intangible assets and other non-current assets, net of tax [c]	541	247
Repayment of lease liabilities	(137)	(106)
Other items	128	61
Free cash flow [d]	**3,242**	**3,354**

(a) Most directly comparable IFRS measure to free cash flow.
(b) Includes the impacts of the IFRIC final agenda decisions of March 2021 on the costs of configuring or customising application software used in a Software as a Service (SaaS) arrangement and April 2021 on the attribution of benefits to periods of service.
(c) Not exceeding a cap of €500 million per transaction.
(d) Non-GAAP financial measure (see definition above).

D.7. CONSOLIDATED BALANCE SHEET

Total assets were €121,826 million as of June 30, 2022, versus €120,242 million as of December 31, 2021, an increase of €1,584 million.

Net debt was €12,190 million as of June 30, 2022, versus €9,983 million as of December 31, 2021. We believe the presentation of this non-GAAP financial measure, which is reviewed by our management, provides useful information to measure our overall liquidity and capital resources. We define "net debt" as (i) the sum total of short-term debt, long-term debt, and interest rate derivatives and currency derivatives used to manage debt, minus (ii) the sum total of cash and cash equivalents and interest rate derivatives and currency derivatives used to manage cash and cash equivalents.

(€ million)	June 30, 2022	December 31, 2021
Long-term debt	15,942	17,123
Short-term debt and current portion of long-term debt	3,063	3,183
Interest rate and currency derivatives used to manage debt	198	(56)
Total debt	**19,203**	**20,250**
Cash and cash equivalents	(6,899)	(10,098)
Interest rate and currency derivatives used to manage cash and cash equivalents	(114)	(169)
Net debt [a]	**12,190**	**9,983**
Total equity	71,304	69,031
Gearing ratio	**17.1 %**	**14.5 %**

(a) Net debt does not include lease liabilities, which amounted to €2,231 million as of June 30, 2022 and €2,108 million as of December 31, 2021.

To assess our financing risk, we use the "gearing ratio", another non-GAAP financial measure. This ratio (which we define as the ratio of net debt to total equity) rose from 14.5% as of December 31, 2021 to 17.1% as of June 30, 2022. Analyses of our debt as of June 30, 2022 and December 31, 2021 are provided in Note B.9. to the condensed half-year consolidated financial statements.

Because our net debt and gearing ratio are not standardized measures, they may not be directly comparable with the non-GAAP financial measures of other companies using the same or similar non-GAAP financial measures. Despite the use of non-GAAP measures by management in setting goals and measuring performance, these measures have no standardized meaning prescribed by IFRS.

We expect that the future cash flows generated by our operating activities will be sufficient to repay our debt. The financing arrangements in place as of June 30, 2022 at the Sanofi parent company level are not subject to covenants regarding financial ratios and do not contain any clauses linking credit spreads or fees to Sanofi's credit rating.

Other key movements in the balance sheet are described below.

Total equity was €71,304 million as of June 30, 2022, versus €69,031 million as of December 31, 2021. The net change reflects the following principal factors:

- an increase representing: our net income for the first half of 2022 (€3,237 million);
- an increase of €3,435 million due to currency translation differences arising on the financial statements of foreign subsidiaries, mainly due to the appreciation of the US dollar; and
- decreases: the dividend payout to our shareholders of €4,961 million, comprising €793 million for the distribution in kind of shares representing 58% of the capital of EUROAPI (see Note B.1. to the condensed half-year consolidated financial statements).

As of June 30, 2022 we held 13.43 million of our own shares, recorded as a deduction from equity and representing 1.061% of our share capital.

Goodwill and other intangible assets (€72,533 million in total) increased by €3,070 million, the main factors being the movements related to our acquisition of Amunix Pharmaceuticals, Inc. with €612 million reflected in goodwill and €493 million reflected in the line item ***Other intangible assets.***

Investments accounted for using the equity method (€710 million) increased by €460 million, mainly as a result of the initial recognition of the retained 30.1% equity interest in EUROAPI at a value of €413 million.

Other non-current assets (€3,312 million) increased by €185 million, due largely to prepaid expenses under research agreements.

Net deferred tax assets were €3,246 million as of June 30, 2022, compared with €2,981 million as of December 31, 2021, an increase of €265 million.

Non-current provisions and other non-current liabilities (€6,181 million) decreased by €540 million relative to December 31, 2021, mainly due to actuarial gains of €1,021 million on defined-benefit pension and other post-employment plans arising from a rise in discount rates in the euro zone, the United States and the United Kindgom. That impact was partly offset by an increase in restructuring provisions following announcements made during the first half of 2022.

Liabilities related to business combinations and to non-controlling interests (€832 million) increased by €118 million. The main reason for the change was the recognition of a contingent consideration liability of €156 million in connection with the acquisition of Amunix Pharmaceuticals, Inc.

E/ RISK FACTORS AND RELATED PARTY TRANSACTIONS

E.1. RISK FACTORS

The main risk factors to which Sanofi is exposed are described in our Annual Report on Form 20-F for the year ended December 31, 2021, filed with the US Securities and Exchange Commission on February 23, 2022.

The first paragraph of the risk "Global economic conditions and an unfavorable financial environment could have negative consequences for our business" is supplemented and should now be read as follows:

"Over the past several years, growth of the global pharmaceutical market has become increasingly tied to global economic growth. In this context, a substantial and lasting slowdown of the global economy, major national economies or emerging markets could negatively affect growth in the global pharmaceutical market and, as a result, adversely affect our business. For example, unpredictable political conditions that currently exist in various parts of the world could have a material negative impact on our business. In particular, in the first half of 2022, armed conflict escalated between Russia and Ukraine. The degree of impact of the war between Russia and Ukraine is difficult to predict and will depend on developments outside Sanofi's control, including, but not limited to, the duration and severity of the conflict and the consequences of the ongoing and additional financial and economic sanctions imposed by governments in response. In addition, regional instability, geopolitical uncertainties, adverse effects on fuel and energy costs, supply chains, macroeconomic conditions, inflation and currency exchange rates in various regions of the world are arising. Collectively, such unstable conditions could, among other things, disturb the international flow of goods and increase the costs and difficulties associated with international transactions."

Any of those risks, and others that we may not yet have identified, could materialize during the second half of 2022 or during subsequent periods, and could cause actual results to differ materially from those described elsewhere in this report.

E.2. RELATED PARTY TRANSACTIONS

Our principal related parties are defined in Note D.33. to the consolidated financial statements included in our 2021 Annual Report on Form 20-F (page F-90).

Note B.5. to the condensed half-year consolidated financial statements provides a description of the principal transactions and balances for the six months ended June 30, 2022 with equity-accounted entities that qualify as related parties.

Sanofi did not enter into any transactions with key management personnel during the first half of 2022.

Financial relations with the Group's principal shareholders fall within the ordinary course of business and were immaterial in the first half of 2022.

F/ OUTLOOK

At constant exchange rates, we expect growth in 2022 full-year business earnings per share[1] (business EPS) to be approximately 15%, barring major unforeseen adverse events. The impact of exchange rates on 2022 business EPS is estimated to be approximately +7.5% to +8.5%, based on July 2022 average exchange rates applied over the rest of the year.

Full-year business net income[1] for 2021 was €8,213 million, giving business earnings per share of €6.56.

This guidance has been prepared using accounting methods consistent with those used in the preparation of our historical financial information, and with the accounting policies applied by Sanofi . It draws upon assumptions defined by Sanofi and its subsidiaries, in particular regarding the following factors:

- growth in the national markets in which we operate;
- healthcare reimbursement policies, pricing reforms, and other governmental measures affecting the pharmaceutical industry;
- developments in the competitive environment, in terms of innovative products and the introduction of generics;
- respect by others for our intellectual property rights;
- progress on our research and development programs;
- the impact of our operating cost control policy, and trends in our operating costs;
- trends in exchange rates and interest rates;
- the integration of contributions from our acquisitions; and
- the average number of shares outstanding.

Some of the information, assumptions and estimates concerned are derived from or based, in whole or in part, on judgments and decisions made by Sanofi management that may be liable to change or adjustment in future.

[1] *For a definition, see Section D.2., "Business net income" above.*

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements are statements that are not historical facts. These statements include projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Forward-looking statements are generally identified by the words “expects”, “anticipates”, “believes”, “intends”, “estimates”, “plans” and similar expressions. Although Sanofi’s management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Sanofi, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

These risks and uncertainties include among other things, the uncertainties inherent in research and development, future clinical data and analysis, including post marketing, decisions by regulatory authorities, such as the FDA or the EMA, regarding whether and when to approve any drug, device or biological application that may be filed for any such product candidates as well as their decisions regarding labelling and other matters that could affect the availability or commercial potential of such product candidates, the fact that product candidates if approved may not be commercially successful, the future approval and commercial success of therapeutic alternatives, Sanofi’s ability to benefit from external growth opportunities, to complete related transactions and/or obtain regulatory clearances, risks associated with intellectual property and any related pending or future litigation and the ultimate outcome of such litigation, trends in exchange rates and prevailing interest rates, volatile economic and market conditions, cost containment initiatives and subsequent changes thereto, and the impact that COVID-19 will have on us, our customers, suppliers, vendors, and other business partners, and the financial condition of any one of them, as well as on our employees and on the global economy as a whole. Any material effect of COVID-19 on any of the foregoing could also adversely impact us. This situation is changing rapidly and additional impacts may arise of which we are not currently aware and may exacerbate other previously identified risks. The risks and uncertainties also include the uncertainties discussed or identified in the public filings with the Securities and Exchange Commission (SEC) and the Autorité des marchés financiers (AMF) made by Sanofi, including those listed under “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements” in Sanofi’s Annual Report on Form 20-F for the year ended December 31, 2021. For an update on litigation, refer to Note B.14. “Legal and arbitration proceedings” to our condensed half-year consolidated financial statements for the six months ended June 30, 2022, and to section “A.3.2. Legal and arbitration proceedings”, and section “E/ Risk factors and related party transactions”, of this half-year management report.

Other than as required by applicable law, Sanofi does not undertake any obligation to update or revise any forward-looking information or statements.

G/ APPENDIX - RESEARCH AND DEVELOPMENT PIPELINE

R&D Pipeline Phase III & Registration

Phase III

Name	Description	Indication
Dupixent®[A]	Anti-IL-4/IL-13 mAb	Bullous Pemphigoid
Dupixent®[A]	Anti-IL-4/IL-13 mAb	Chronic Spontaneous Urticaria
Dupixent®[A]	Anti-IL-4/IL-13 mAb	Chronic Obstructive Pulmonary Disease
Dupixent®[A]	Anti-IL-4/IL-13 mAb	Chronic Inducible Cold Urticaria
Dupixent®[A]	Anti-IL-4/IL-13 mAb	Chronic Rhinosinusitis without Nasal Polyps
Dupixent®[A]	Anti-IL-4/IL-13 mAb	Allergic Fungal Rhinosinusitis
Dupixent®[A]	Anti-IL-4/IL-13 mAb	Chronic Pruritus of Unknown Origin
itepekimab[A]	Anti-IL-33 mAb	Chronic Obstructive Pulmonary Disease
Sarclisa®	Anti-CD38 mAb + combinations	1L Newly Diagnosed MM - Transplant ineligible
Sarclisa®	Anti-CD38 mAb + combinations	1L Newly Diagnosed MM - Transplant eligible
Sarclisa®	Anti-CD38 mAb + combinations	Smoldering MM
amcenestrant	SERD + palbociclib	1L Metastatic breast cancer
amcenestrant	SERD	Adjuvant breast cancer
tusamitamab ravtansine	Anti-CEACAM5 ADC	2/3L NSCLC
tolebrutinib	BTK inhibitor	Relapsing Multiple Sclerosis
tolebrutinib	BTK inhibitor	Primary Progressive Multiple Sclerosis
tolebrutinib	BTK inhibitor	Secondary Progressive Multiple Sclerosis
tolebrutinib	BTK inhibitor	Myasthenia Gravis
Nexviazyme®	Enzyme Replacement Therapy (GAA)	Pompe Disease - Infantile Onset
venglustat	Oral GCS inhibitor	GM2 Gangliosidosis
venglustat	Oral GCS inhibitor	Gaucher Disease Type 3
venglustat	Oral GCS inhibitor	Fabry Disease
fitusiran	RNAi targeting anti-thrombin	Hemophilia A and B
fitusiran	RNAi targeting anti-thrombin	Hemophilia A and B pediatric
rilzabrutinib	BTK inhibitor	Immune Thrombocytopenia
efanesoctocog alfa[B]	rFVIIIFc – vWF – XTEN	Hemophilia A
MenQuadfi®	Meningococcal (A,C,Y,W) conjugate vaccine	Meningitis 6w+ (US / EU)
VRVg	Purified vero rabies vaccine	Rabies

As of June 30, 2022

Registration

Name	Description	Indication
Dupixent®[A]	Anti-IL-4/IL-13 mAb	Prurigo Nodularis
Libtayo®[A]	Anti-PD-1 mAb + chemotherapy	1L NSCLC
SP0253[D]	Recombinant baculovirus Vaccine	COVID-19
nirsevimab[C]	Anti-RSV mAb	Respiratory Syncytial Virus (RSV)

- Immuno-inflammation
- Oncology
- Neurology
- Rare Diseases
- Rare Blood Disorders
- Vaccines

Collaborations:
A: Regeneron
B: Sobi
C: AstraZeneca
D:GSK and with funding from Biomedical Advanced Research and Development Authority (BARDA)

Abbreviations:
ADC: Antibody-Drug Conjugate
BTK: Bruton's Tyrosine Kinase
CD: Cluster of Differentiation
GAA: Acid Alpha-Glucosidase
GCS: Glucosylceramide Synthase
GM2: Ganglioside Monosialic 2
IL: Interleukin
mAb: Monoclonal Antibody
MM: Multiple Myeloma
RNAi: RNA interference
CEACAM5: Carcinoembryonic Antigen Cell Adhesion Molecule 5
PD-1: Programmed cell Death protein 1
NSCLC: Non-Small Cell Lung Cancer
rFVIIIFc – vWF – XTEN: Recombinant Coagulation Factor VIII Fc - von Willebrand Factor – XTEN Fusion protein
SERD: Selective Estrogen Receptor Degrader

R&D Pipeline – Phase II

Phase II

	Name	Description	Indication
R	**Kevzara®[A]**	Anti-IL-6 mAb	Polyarticular Juvenile Idiopathic Arthritis
R	**Kevzara®[A]**	Anti-IL-6 mAb	Systemic Juvenile Arthritis
	amlitelimab[1]	Anti-OX40L mAb	Atopic Dermatitis
	rilzabrutinib	BTK inhibitor	IgG4-related disease
	rilzabrutinib	BTK inhibitor	Atopic Dermatitis
	rilzabrutinib	BTK inhibitor	Asthma
	rilzabrutinib	BTK inhibitor	Chronic Spontaneous Urticaria
	eclitasertib[E,2]	RIPK1 inhibitor	Cutaneous Lupus Erythematosus
	SAR441344[F]	Anti-CD40L mAb	Sjogren's Syndrome
	SAR441344[F]	Anti-CD40L mAb	Systemic Lupus Erythematosus
	SAR444727	BTK inhibitor (topical)	Atopic Dermatitis
	SAR445088[5]	Complement C1s inhibitor	Antibody-mediated rejection
R	**Sarclisa®**	Anti-CD38 mAb	1-2L AML / ALL pediatrics
	Sarclisa®	Anti-CD38 mAb + combinations	Relapsed, Refractory MM
	alomfilimab[3]	Anti-ICOS mAb	Solid tumors
	tusamitamab ravtansine	Anti-CEACAM5 ADC + ramucirumab	2/3L NSCLC
	tusamitamab ravtansine	Anti-CEACAM5 ADC	Exploratory Solid tumors
	tusamitamab ravtansine	Anti-CEACAM5 ADC + pembrolizumab	1L NSCLC
	tusamitamab ravtansine	Anti-CEACAM5 ADC + ramucirumab	Gastric cancer
	SAR444245[4]	Non-alpha IL-2 + cemiplimab	Skin cancers
	SAR444245[4]	Non-alpha IL-2 + combinations	Gastrointestinal cancer
	SAR444245[4]	Non-alpha IL-2 + combinations	NSCLC / Mesothelioma
	SAR444245[4]	Non-alpha IL-2 + combinations	Head & Neck tumors
	SAR444245[4]	Non-alpha IL-2 + combinations	Lymphoma
	SAR442720[G]	SHP2 inhibitor + KRAS inhibitor	2L NSCLC

	Name	Description	Indication
	SAR445088[5]	Complement C1s inhibitor	CIDP
	SAR441344[F]	Anti-CD40L mAb	Multiple Sclerosis
	SAR443820[E,6]	RIPK1 inhibitor	Amyotrophic Lateral Sclerosis
	Sarclisa®	Anti-CD38 mAb	Warm Autoimmune Hemolytic Anemia
	rilzabrutinib	BTK inhibitor	Warm Autoimmune Hemolytic Anemia
	SAR445088[5]	Complement C1s inhibitor	Cold Agglutinin Disease
	Fluzone® HD (SP0178)	Inactivated influenza Vaccine (IIV)	Pediatric Flu
	SP0218	Vero cell Vaccine	Yellow fever
	SP0202[H]	Next Generation Conjugate Vaccine	Pneumococcal infections
	SP0125	Live Attenuated Virus Vaccine	Respiratory syncytial virus (toddler)
	SP0230	Multicomponent Vaccine	Meningitis B

Immuno-inflammation
Oncology
Neurology
Rare Blood Disorders
Vaccines
R Registrational Study (other than Phase 3)

Collaborations:
A: Regeneron
E: Denali
F: Immunext
G: Revolution Medicines
H: SK

Other names:
1: SAR445229/KY1005
2: SAR443122/DNL758
3: KY1044/SAR445256
4: THOR707
5: BIVV020
6: DNL788

Abbreviations:
ADC: Antibody-Drug Conjugate
AML: Acute Myeloid Leukemia
CD: Cluster of Differentiation
IL: Interleukin
MM: Multiple Myeloma
ALL: Acute Lymphoblastic Leukemia
BTK: Bruton's Tyrosine Kinase
ICOS: Inducible T-cell Costimulator
mAb: Monoclonal Antibody
NSCLC: Non-Small Cell Lung Cancer
CEACAM5: Carcinoembryonic Antigen Cell Adhesion Molecule 5
CIDP: Chronic Inflammatory Demyelinating Polyneuropathy
KRAS: V-Ki-ras2 Kirsten rat sarcoma viral oncogene homolog
RIPK1: Receptor-Interacting serine/threonine-Protein Kinase 1
SHP2: Src Homology-2 domain-containing protein tyrosine Phosphatase-2

As of June 30, 2022

R&D Pipeline – Phase I

Phase I

Name	Description	Indication
SAR441566	Oral TNF inhibitor	Inflammatory indication
SAR444656[I,1]	IRAK4 degrader	Atopic Dermatitis
SAR444336	Pegylated IL-2	Inflammatory indication
SAR443726	Anti-IL-13/OX40L NANOBODY® VHH	Atopic Dermatitis
SAR442970	Anti-TNFa/OX40L NANOBODY® VHH	Inflammatory indication
SAR443765	Anti-IL-13/TSLP NANOBODY® VHH	Inflammatory indication
SAR442999	Anti-TNFa/IL23A NANOBODY® VHH	Inflammatory indication
SAR441000[J]	Cytokine mRNA	Solid tumors
SAR442257	Anti-CD38/CD28/CD3 trispecific mAb	MM / Non-Hodgkin Lymphoma
SAR442720[G]	SHP2 inhibitor + pembrolizumab	1L NSCLC
SAR444881[K]	Anti-ILT2 mAb	Solid tumors
SAR445419[2]	NK-cell-based immunotherapy	Acute Myeloid Leukemia
SAR443216	Anti-CD3/CD28/HER2 trispecific mAb	Gastric cancer
SAR445710[3]	Anti-PD-L1/IL-15 fusion protein	Solid tumors
SAR443579[L]	Anti-NKp46/CD123 bispecific mAb	Acute Myeloid Leukemia
SAR446309[4]	HER2 T-cell engager	Solid tumors
SAR442501	Anti-FGFR3 antibody	Achondroplasia
SAR443809	Anti-Factor Bb mAb	Rare renal diseases
SP0273	mRNA Vaccine	Influenza

As of June 30, 2022

Immuno-inflammation
Oncology
Rare Diseases
Vaccines

Collaborations:
G: Revolution Medicines
I: Kymera
J: BioNTech
K: Biond
L: Innate Pharma

Other names:
1: KT474
2: KDS1001
3: KD033
4: AMX-818

Abbreviations:
CD: Cluster of Differentiation
IL: Interleukin
mAb: Monoclonal Antibody
mRNA: messenger RNA
HER2: Human Epidermal growth factor Receptor 2
IRAK4: Interleukin 1 Receptor Associated Kinase 4
NSCLC: Non-Small Cell Lung Cancer
NKp46: Natural Killer 46-kDa protein
PD-L1: Programmed Death-ligand 1
TSLP: Thymic Stromal Lymphopoietin
FGFR3: Fibroblast Growth Factor Receptor 3
ILT2: Ig-like transcript 2
MM: Multiple Myeloma
TNF: Tumor Necrosis Factor

3. 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 your annual general meetings 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 Sanofi, for the period from January 1, 2022 to June 30, 2022;
- the verification of the information presented in the interim/half-yearly[1] 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.

Neuilly-sur-Seine and Paris-La Défense, July 28, 2022

The statutory auditors
French original signed by

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres
Dominique Ménard	Cédric Mazille	Alexis Hurtrel

** This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

4. RESPONSIBILITY STATEMENT OF THE CERTIFYING OFFICER – HALF-YEAR FINANCIAL REPORT

"I hereby certify 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 present fairly the assets and liabilities, the financial position and the income of the Company and the entities included in the scope of consolidation, and that the half-year management report starting on page 40 provides an accurate overview of the significant events of the first six months of the financial year with their impact on the half-year consolidated financial statements, together with the major transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year."

Paris, July 28, 2022

Paul Hudson

Chief Executive Officer

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sanofi