Regeneron Collaboration Accounting Summary

Last Updated: September 2021

Sanofi accounting of Antibody License and Collaboration Agreement with Regeneron[1]

		U.S.	Ex-U.S.
Net sales		Sanofi consolidates worldwide net sales	
Cost of sales		Sanofi consolidates worldwide cost of sales	
R&D expense		Development costs funded upfront by Sanofi until first positive Phase 3; subsequent costs funded 80% Sanofi / 20% Regeneron *Regeneron 20% reimbursement recorded as a reduction of Sanofi R&D expense*	
SG&A expense		Sanofi expenses 100% of its commercial expenses	
Other operating income and expenses	**1. Regeneron SG&A spend**	Sanofi reimburses Regeneron for 100% of Regeneron's commercial expenditures	
	2. Development balance	Regeneron reimburses 50% of cumulative development costs quarterly[2]; *Reimbursement capped at 10% of Regeneron's share of profit per quarter on all Antibody products combined[3]*	
	3. Collaboration profitable	Outflow: Sanofi expenses 50% of profit; paid to Regeneron	Outflow: Sanofi expenses 35% to 45% of profit; paid to Regeneron
	4. Collaboration in a loss	Inflow: Sanofi recognizes reimbursement of 50% loss from Regeneron	Inflow: Sanofi recognizes reimbursement of 45% loss from Regeneron
Amortization of intangibles (IFRS)	**Sales Milestones**		Regeneron entitled to receive up to $250m in milestones starting from $1bn ex-US sales[4]

(1) Following expiry of the Antibody Discovery Agreement in December 2017, Dupixent®, Kevzara® and itepekimab (SAR440340) continue to be developed and commercialized with Regeneron under the Antibody License and Collaboration Agreement (LCA) signed in November 2007, Amended and Restated November 2009, further amended May 2013 and July 2015, restructured in April 2020 and further amended in September 2021

(2) As of December 31, 2020, such commitments received were $3.1bn, relative to cumulative development costs of $8.0bn, of which $7.2bn were incurred by Sanofi; balance

(3) Including Dupixent®, Kevzara® and itepekimab

(4) Praluent® removed from LCA at April 2020 restructuring, but ex-U.S. sales of Praluent® remain included in calculation of sales milestones includes costs for Dupixent®, Kevzara® and itepekimab as well as Praluent® through March 31, 2020

SANOFI

Sanofi Libtayo® accounting pursuant to immuno-oncology License and Collaboration Agreement with Regeneron[1,2]

		U.S.	Ex-U.S.
Net sales		Consolidated by Regeneron	Consolidated by Sanofi
Cost of sales		Consolidated by Regeneron	Consolidated by Sanofi
R&D expenses		Sanofi reimburses 50% of development expenses incurred during quarter[3]	
SG&A expenses		Sanofi expenses 100% of its commercial expenses	
Other operating Income and expenses	**1. SG&A reimbursement**	Inflow: Regeneron reimburses 100% of Sanofi's U.S. commercial expenses	Outflow: No Regeneron commercial expenses ex-US
	2. Development balance	Regeneron reimburses 50% of pre-POC development costs[4] quarterly[5]	
	3. Collaboration profitable	Inflow: Sanofi recognizes 50% of collaboration's profits	Outflow: Sanofi expenses 50% of profits; to be paid to Regeneron
	4. Collaboration in a loss	Outflow: Sanofi expenses 50% of losses; to be paid to Regeneron	Inflow: Sanofi recognizes reimbursement of 50% of collaboration's losses
Amortization of intangibles (IFRS)	**Sales milestones**	Regeneron to receive $375m milestone when sales of Libtayo® exceed $2bn over any consecutive 12-month period	

(1) On July 1, 2015, Sanofi and Regeneron entered into an Immuno-Oncology (IO) Discovery and Development Agreement and an IO License and Collaboration Agreement (IO LCA).
(2) Libtayo® collaboration unaffected by the Amended I-O Discovery and Development Agreement terminated in Q1 2021.
(3) The Libtayo® budget is funded equally by the two companies.
(4) As of December 31, 2020, amounts to $104m primarily for bi-specifics, LAG3 and CTLA-4 development programs conducted in the frame of the IO Discovery Agreement terminated in Q1 2021.
(5) Capped at 10% of Regeneron profit share per quarter