UNITED STATES LIFE SCIENCES 2024

UQUIFA Interview – United States Life Sciences 2024

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Saurabh Gurnurkar Managing Director UQUIFA GROUP

Can you provide an overview of the Uquifa enterprise and the firm's highlights in 2023?

Our enterprise primarily operates as a developer and manufacturer of small-molecule APIs and regulatory starting materials. Our manufacturing facilities, which are integrated campuses with R&D Labs, Pilot Manufacturing & Large-Scale Manufacturing are situated in Spain, Mexico, and Hungary. We are a team of 760 people across these locations with Business Development colleagues in North America, EU and Asia. The Uquifa brand brings with it a history spanning over 87 years, serving its customers across the global pharmaceutical and specialty chemical industries.

In the wake of the pandemic, the industry landscape has undergone considerable transformation. Since 2022, we have embarked on a new strategic direction, focusing on investing in what we refer to as our three Ps: our people, products, and plants. Central to this strategy are core values such as customer centricity, compliance, and science first. We have also been increasingly incorporating digitization tailored to our industry needs. For instance, we have implemented enterprise software across two of our three locations, automated certain aspects of our manufacturing processes, and are rolling out a digital quality management system. These efforts reflect a phase of internal evolution and a balanced investment strategy across our sites, including expanding the capacity of our process equipment, and laboratory infrastructure and enhancing warehouse capabilities.

Could you elaborate on the expansion strategy for Uquifa in the US?

Our enterprise has undergone significant evolution over the years. A pivotal moment in our journey towards becoming a CDMO from Europe materialized with the acquisition of SONEAS in 2018. SONEAS, based in Budapest, provided us with R&D laboratories y, a GMP pilot plant, and a relatively under-utilized large-scale pre-GMP manufacturing facility, which we saw as an opportunity. More crucially, it empowered us with development expertise, marking a significant shift from our previous role primarily as a contract manufacturer. Essentially, the D in CDMO, for us. Post-

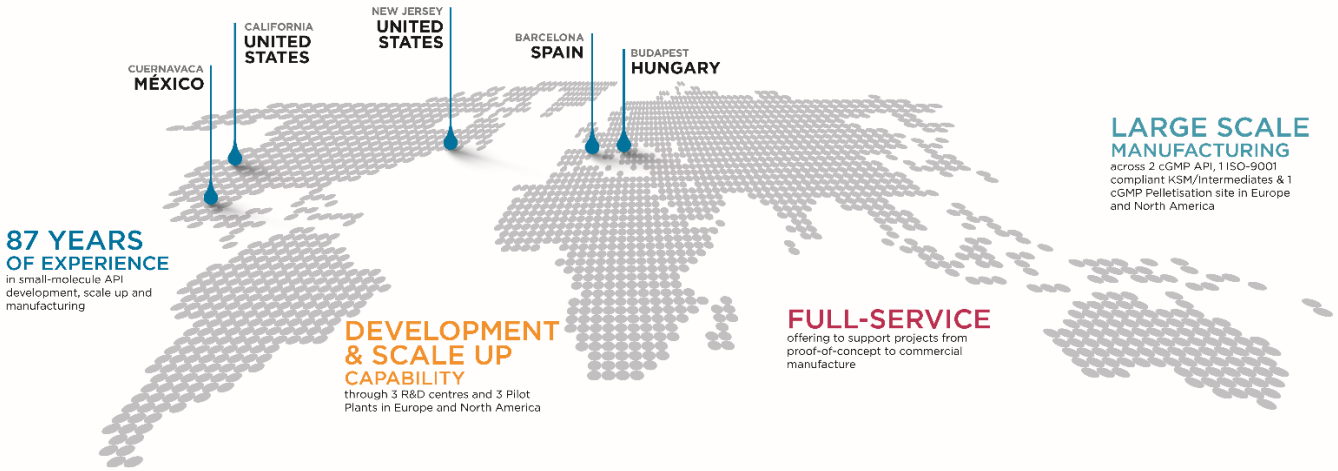
integration, we aimed to establish ourselves as a comprehensive solution provider from Europe for development and manufacturing requirements spanning Regulatory Starting Materials (RSMS), and Active Pharmaceutical Ingredients (APIs). This strategic direction has been well-received by our customer base. We can now initiate projects in Budapest and conclude them at our large-scale GMP facility in Spain and/or Mexico, offering to our customers an option for integrated project management or a One-Stop Shop as we call it, for their programs. Our primary markets, including the USA, Europe, and Japan, constitute approximately 85-90% of our sales. In the US, we serve two primary customer segments: established pharmaceutical companies that prioritize outsourcing manufacturing and development, and the growing biotech sector, which is driving innovation too.

The growth trajectories within our industry are significantly influenced by the financing landscape in the US. A substantial portion of innovation and new projects stem from biotech companies, which, as we are aware, operate within funding cycles.

The growth potential is evident, considering the persistent unmet medical needs and the presence of difficult-to-treat medical conditions. Our outlook on the stability of drug development and commercialization budgets in the US remains positive.

Uquifa
Chemistry for a better life

SONEAS
Chemistry for a better life



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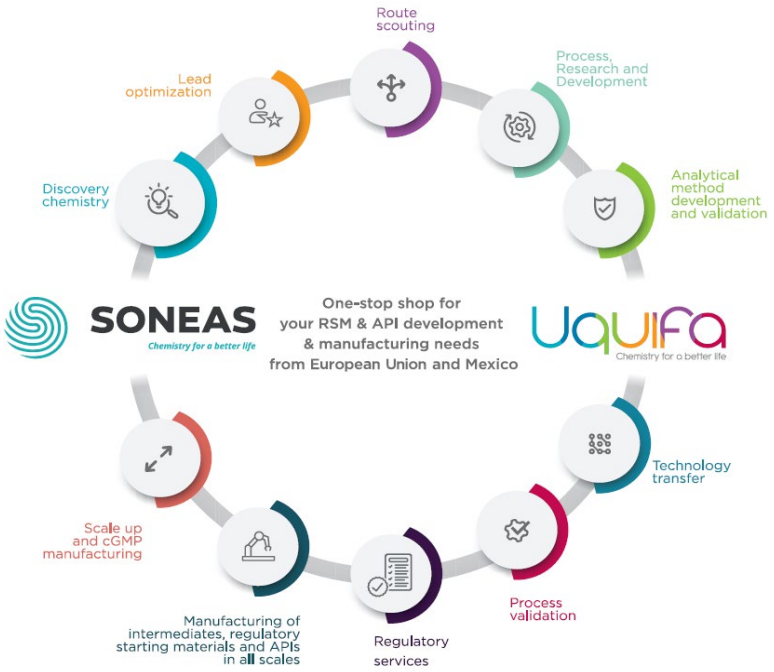
SAFETY · QUALITY · ENVIRONMENT · FLEXIBILITY · INNOVATION · PASSION

How do you view the growing use of AI and machine learning tools in the CDMO/CRO sector's digital transition in 2024?

The discourse around AI is pervasive. From our standpoint as a fine chemical and pharmaceutical manufacturer, we foresee AI making significant contributions, particularly in supply chain management. There is a growing recognition of AI's capacity to streamline and optimize these processes. Additionally, AI holds promise in accelerating drug development timelines, especially in the initial phases of candidate identification and optimization for specific disease indications. In essence, we anticipate AI to enhance efficiency, particularly in supply chain management, and play a pivotal role in advancing research and development within the entirety of our value chain.

With a notable portion of recent FDA-approved drugs being small molecules, do you expect this trend to strengthen?

Small molecules have consistently dominated the landscape of new drug approvals, comprising over 50% of the total in the past decade. This trend underscores the enduring relevance and importance of small molecules in the pharmaceutical industry. While biologics represent a rapidly expanding platform, small molecules maintain their significance. Ultimately, two key factors drive this: the efficacy of the drug and its economic implications from both patient and payer perspectives.



Could you outline the top priorities for you and your team this year?

Our primary focus remains on our core values: compliance, customer centricity, and placing science first. We are committed to focusing on our 3Ps and the variables we can control as an enterprise.

Ensuring "right-first-time" (RFT) execution and optimizing our performance will be center-stage for our enterprise. The consolidation of our services into a one-stop-shop model aligns well with our strategic goals and we believe, enhances our value proposition in the market.