2026 *Pricing Principles Report*

Continued Transparency in the U.S.

In too many cases, Americans continue to struggle to afford their medicines due to rising out-of-pocket costs. Despite the policy and regulatory fervor over drug pricing, federal action has not yet impacted how the drug reimbursement system is built today and how that influences what patients pay at the pharmacy, especially for those with employer-sponsored benefits, whose coverage is dictated by health insurers and pharmacy benefit managers (PBMs).

To maintain an open dialogue and echo calls for continued transparency in our pricing actions, we annually disclose our average aggregate U.S. list and net price changes from the prior calendar year. We believe this information contributes to better-informed discussions that can improve patient access and affordability.

List Price
(set by Sanofi using our Pricing Principles)

Discounts, Rebates, and Fees
(provided by Sanofi to its customers, including insurers and distributors, to obtain access)

Net Price
(the amount Sanofi receives for its medicines)

Out-of-Pocket Cost:

The amount that a patient pays out of pocket for their medicine.

The amount that patients pay, which is set by health insurers and PBMs and varies by the type of health insurance coverage.

A Guide to Pharmaceutical Pricing:

Key Terms You Need to Know

Manufacturer
Pharmaceutical companies developing new treatments and working with other supply chain stakeholders so that the medicines they develop reach patients.

Pharmacy Benefit Manager (PBM)
The middlemen who work with manufacturers and payors to design and administer prescription drug insurance coverage for nearly all public and private health plans.

List Price
The initial price set by the manufacturer for a medicine.

Net Price
What a manufacturer receives after paying discounts, rebates, and fees designed to lower prices in exchange for greater access and affordability for patients with insurance. It also accounts for copay expenses that reduce prescription costs.

Out-of-Pocket Cost
Amount that a patient pays out of pocket for their medicine to the pharmacy.

A Look Back: *A Decade of Data*

Sanofi has published 10 years of aggregated list and net price changes for its U.S. portfolio to shed light on how pricing dynamics have evolved over time.

As illustrated by a decade of data, Sanofi's annual net price change—which decreased by 3.4% in 2025—is influenced by a number of factors. These include the level of discounts, rebates, and fees paid to ensure access to our medicines; the makeup of our product portfolio; the type of health plan or program through which medicines are dispensed, (especially those with both negotiated and government-mandated rebates and discounts); and the extent of patient assistance we provide to improve affordability of our medications.

Importantly, patient cost-sharing and coverage decisions rest with health insurers, PBMs, and other public and private payors—not manufacturers. Out-of-pocket costs depend on how a patient's health plan structures insurance coverage and the extent to which it passes through negotiated discounts.

These supply chain dynamics negatively impact patients and the companies they rely on to make their medicines and vaccines. While insurers and middlemen collect billions in rebates, patients pay full price at the pharmacy, shouldering rising out-of-pocket costs without seeing any savings.

U.S. Portfolio Annual Aggregate Price Change from Prior Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Average Aggregate List Price	4.0% increase	1.6% increase	4.6% increase	2.9% increase	0.2% increase	1.5% increase	2.6% increase	4.3% increase	1.1% increase	2.8% increase
Average Aggregate Net Price	2.1% decrease	8.4% decrease	8.0% decrease	11.1% decrease	7.8% decrease	1.3% decrease	0.4% decrease	15.7% decrease	7.4% increase*	3.4% decrease

*Excluding the unique dynamics of the insulin market, Sanofi saw a 4.5% increase in aggregated gross price and a 3% decrease in net price in 2024. This demonstrates the increased demand for rebates and its overwhelming impact on the flow of revenue through the drug supply chain without directly impacting patients' out-of-pocket costs.

Gross Sales Sanofi Paid as Rebates in 2025

39%
of our gross sales to payors as rebates

$6.2 billion
in mandatory rebates to government payors as required by federal law

$9.9 billion
in rebates negotiated with health plans and pharmacy benefit managers (PBMs) and their related fees

Spotlight on: *Rebates, Discounts and Fees*

Payors, including PBMs, government, and private health insurers, ultimately decide which medicines to cover on their plan formularies based partly on fees, discounts and rebates Sanofi provides. These rebates should ensure that patients can afford the out-of-pocket costs for their necessary medicines; sadly, this is often not the case.

Such supply chain dynamics negatively impact patients and the companies they rely on to make their medicines. Patients end up paying full price for vital prescriptions while insurers and middlemen collect billions in rebates without passing on the savings. Insurers and PBMs shift financial responsibility to patients through rising out-of-pocket costs.

In 2025, within our specialty medicines portfolio, we had a:

increase in fees—or service charges—paid on top of negotiated rebates to PBMs and commercial health plans, Medicare Part D, and Managed Medicaid agreements.

The Impact of Market Concentration: *When Your Insurer Owns Your Pharmacy (and Everything In Between)*

Several discreet entities make up the drug delivery process, including PBMs, insurers, wholesalers, specialty and retail pharmacies, and group purchasing organizations. These organizations are increasingly owned by the same parent corporations, creating a vertically integrated system where middlemen profit from nearly every transaction through fees, spread pricing, and opaque practices.

These vertically integrated systems have created perverse incentives in which PBMs and insurers favor drugs with higher list prices over lower-cost alternatives, driving up costs for patients while middlemen profit. **In short, the patient pays more than any entity in the supply chain.**

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consolidated entities

cover 80% of American lives. Manufacturers pay rebates, fees and discounts to try to secure access for patients on these plans.

50%

of every dollar spent on brand medicines

goes to insurers, PBMs, hospitals, and other entities. These funds are diverted away from the companies that spent years researching and developing these treatments and the patients for whom the drugs were developed.

When a patient fills a prescription with a $100 list price:

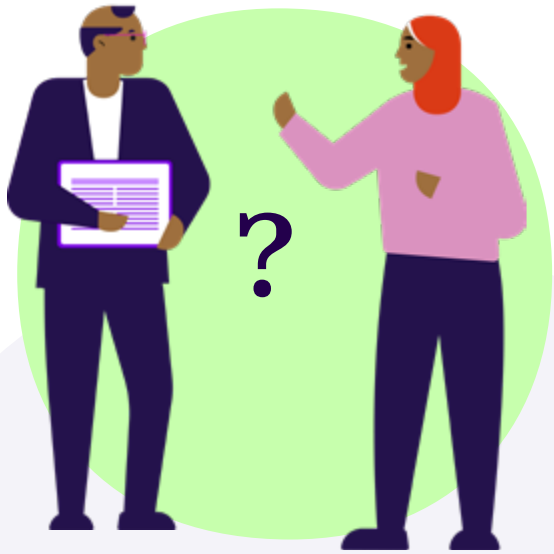
- If they haven't met their deductible, they pay *$101.10* out-of-pocket
- Meanwhile, their PBM earns *$10.65* and the insurer earns *$23.10* from manufacturer rebates

Supporting Policies to Break Down Access Barriers

The most effective health policy solutions are those that help address the access barriers patients face, especially as the dynamics of federal insurance change due to the implementation of the Inflation Reduction Act (IRA). Changes are necessary to address barriers for patients with private health insurance.

To achieve this, we support efforts that enhance benefit design and align system incentives across all stages of prescription drug delivery to increase access for patients. We can address barriers to broad coverage of and access to necessary medicines by enacting policies that provide oversight and accountability across stakeholders to protect and prioritize patient interests. These enduring principles remain relevant even as the landscape evolves.

Therefore, Sanofi supports policies that would correct the existing market distortions, including:



- Pursuing intermediary incentive reform—focused on delinking supply chain compensation and service fees (e.g., administrative, data, and formulary fees) from drug list prices, alongside greater transparency, and pass-through requirements—to ensure negotiated savings translate into lower costs for patients and plan sponsors.
- Requiring that manufacturer rebates and discounts paid to PBMs and health insurers benefit patients by lowering out-of-pocket costs at the pharmacy counter.
- Preventing PBMs, health plans, and other third-party entities from capturing co-pay assistance through diversion of funds intended to reduce patient cost-sharing or denial of coverage for their medicine.
- Allowing patients in federal health insurance programs to access manufacturer co-pay assistance programs when no generic or biosimilar alternative is available.
- Driving toward a sustainable future of continued investment in innovation, access, and affordability by establishing appropriate system guardrails to protect against misuse, diversion, or exploitation of prices set by 340B and the IRA.