IPSEN
Innovation for patient care

2021
HALF YEAR FINANCIAL REPORT

CONTENTS

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1. 2021 HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

(in millions of euros)	Notes	2021	2020
Sales	**4**	**1,350.3**	**1,268.3**
Other revenues	4	64.3	38.6
Revenue		**1,414.6**	**1,306.9**
Cost of goods sold		(250.6)	(241.8)
Selling expenses		(384.3)	(375.4)
Research and development expenses		(207.3)	(190.6)
General and administrative expenses		(99.1)	(94.0)
Other operating income	5	25.8	8.2
Other operating expenses	5	(82.9)	(66.2)
Restructuring costs	6	(4.0)	(15.4)
Impairment losses		—	(81.7)
Operating Income		**412.2**	**249.8**
Investment income	*7*	*0.6*	*1.1*
Financing costs	*7*	*(12.0)*	*(14.7)*
Net financing costs		(11.4)	(13.6)
Other financial income and expenses	7	0.1	33.9
Income taxes	8	(99.0)	(47.5)
Share of net profit/(loss) from equity-accounted companies		0.1	(1.3)
Net profit/(loss) from continuing operations		**302.1**	**221.3**
Net profit/(loss) from discontinued operations		1.2	1.4
Consolidated net profit		**303.3**	**222.7**
- Attributable to shareholders of Ipsen S.A.		304.0	221.9
- Attributable to non-controlling interests		(0.7)	0.8
Basic earnings per share, continuing operations (in euros)		3.66	2.65
Diluted earnings per share, continuing operations (in euros)		3.62	2.65
Basic earnings per share, discontinued operations (in euros)		0.01	0.02
Diluted earnings per share, discontinued operations (in euros)		0.01	0.02
Basic earnings per share (in euros)		3.67	2.67
Diluted earnings per share (in euros)		3.64	2.66

Comprehensive consolidated income statement

(in millions of euros)	2021	2020
Consolidated net profit	**303.3**	**222.7**
Actuarial gains and (losses) on defined benefit plans, net of taxes	6.7	0.3
Financial assets at fair value through other items of comprehensive income (OCI), net of taxes	(8.4)	(6.0)
Other items of comprehensive income that will not be reclassified to the income statement	(1.8)	(5.7)
Revaluation of financial derivatives for hedging, net of taxes	(11.8)	3.6
Foreign exchange differences, net of taxes	46.7	(36.4)
Other items of comprehensive income likely to be reclassified to the income statement	**34.8**	**(32.8)**
Comprehensive income: consolidated net profit (loss) and gains and (losses) recognized directly in equity	**33.1**	**(38.5)**
Comprehensive income	**336.4**	**184.2**
- Attributable to shareholders of Ipsen S.A.	337.0	183.6
- Attributable to non-controlling interests	(0.7)	0.6

Consolidated balance sheet before allocation of net profit

(in millions of euros)	Notes	30 June 2021	31 December 2020
ASSETS			
Goodwill	9	604.4	592.8
Other intangible assets	10	1,142.4	1,121.1
Property, plant & equipment	11	645.7	646.6
Equity investments	12	90.3	84.5
Investments in equity-accounted companies	13	13.8	19.1
Non-current financial assets		24.7	23.1
Deferred tax assets	8	231.0	247.4
Other non-current assets		4.9	3.8
Total non-current assets		**2,757.3**	**2,738.4**
Inventories	14	232.7	213.9
Trade receivables	14	554.6	476.2
Current tax assets		91.7	83.6
Current financial assets	14	2.1	48.9
Other current assets	14	142.1	113.7
Cash and cash equivalents		737.5	642.5
Assets held for sale	1	3.6	—
Total current assets		**1,764.2**	**1,578.8**
TOTAL ASSETS		**4,521.5**	**4,317.2**
EQUITY AND LIABILITIES			
Share capital	15	83.8	83.8
Additional paid-in capital and consolidated reserves		2,013.4	1,546.8
Net profit/(loss) for the period		304.0	548.0
Foreign exchange differences		(14.6)	(59.6)
Equity attributable to Ipsen S.A. shareholders		**2,386.6**	**2,119.1**
Equity attributable to non-controlling interests		1.7	2.7
Total shareholders' equity		**2,388.3**	**2,121.7**
Retirement benefit obligation		56.9	63.7
Non-current provisions	16	49.3	32.0
Non-current financial liabilities	17	771.2	761.6
Deferred tax liabilities	8	92.1	79.9
Other non-current liabilities		46.6	45.1
Total non-current liabilities		**1,016.1**	**982.3**
Current provisions	16	42.7	45.7
Current financial liabilities	17	297.0	408.6
Trade payables	14	518.6	495.2
Current tax liabilities		5.6	10.8
Other current liabilities	14	241.7	250.0
Bank overdrafts		11.5	2.8
Liabilities related to assets held for sale		—	—
Total current liabilities		**1,117.0**	**1,213.1**
TOTAL EQUITY & LIABILITIES		**4,521.5**	**4,317.2**

Consolidated statement of cash flow

(in millions of euros)	Notes	30 June 2021	30 June 2020
Consolidated net profit		**303.3**	**222.7**
Share of net profit/(loss) from equity-accounted companies		(0.1)	4.3
Net profit/(loss) before share from equity-accounted companies		**303.2**	**227.0**
Non-cash and non-operating items:			
- Depreciation, amortization, provisions		110.3	116.5
- Impairment losses included in operating income and net financial income		—	81.5
- Change in fair value of financial derivatives		2.3	3.9
- Net gains or losses on disposals of non-current assets		1.5	2.6
- Unrealized foreign exchange differences		(4.7)	4.0
- Change in deferred taxes	8	31.1	(51.9)
- Share-based payment expense		18.8	10.6
- Other non-cash items	7	(7.6)	(39.8)
Cash flow from operating activities before changes in working capital requirement		**454.9**	**354.3**
- (Increase)/decrease in inventories	14	(15.9)	(10.2)
- (Increase)/decrease in trade receivables	14	(68.4)	21.1
- Increase/(decrease) in trade payables	14	16.7	(27.8)
- Net change in income tax liability		(8.1)	(2.1)
- Net change in other operating assets and liabilities		(22.1)	(41.9)
Change in working capital requirement related to operating activities		**(97.7)**	**(60.7)**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		**357.2**	**293.6**
Acquisition of property, plant & equipment	11	(34.1)	(33.3)
Acquisition of intangible assets	10	(44.5)	(18.3)
Proceeds from disposal of intangible assets and property, plant & equipment		0.1	—
Acquisition of shares in non-consolidated companies		(7.8)	(3.2)
Payments to post-employment benefit plans		(0.7)	(2.3)
Impact of changes in the consolidation scope		21.4	—
Change in working capital related to investment activities		(14.5)	(7.7)
Other cash flow related to investment activities		2.6	(1.5)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES		**(77.6)**	**(66.3)**
Additional long-term borrowings	17	12.2	5.7
Repayment of long-term borrowings	17	(0.7)	(0.7)
Net change in short-term borrowings	17	(114.5)	(55.7)
Capital increase		—	—
Treasury shares		(5.8)	(6.0)
Distributions paid by Ipsen S.A.	15	(82.9)	(83.2)
Dividends paid by subsidiaries to non-controlling interests		(0.2)	(0.3)
Change in working capital related to financing activities		(2.8)	(4.9)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		**(194.6)**	**(145.2)**
CHANGE IN CASH AND CASH EQUIVALENTS		**85.0**	**82.1**
OPENING CASH AND CASH EQUIVALENTS		**639.6**	**339.0**
Impact of exchange rate fluctuations		1.4	(0.3)
CLOSING CASH AND CASH EQUIVALENTS		**726.1**	**420.8**

Statement of change in consolidated shareholders' equity

(in millions of euros)	Share capital	Share premiums or contributions	Consolidated reserves [2]	Foreign exchange differences	Reserves related to retirement benefit obligations	Cash flow hedge reserves	Treasury shares	Net profit/(loss) for the period	Total Group equity	Equity attributable to non-controlling interests	Total equity
Balance at 01 January 2021	**83.8**	**122.3**	**1,535.5**	**(59.6)**	**(34.4)**	**25.5**	**(102.1)**	**548.0**	**2,119.1**	**2.7**	**2,121.7**
Consolidated net profit/(loss) for the period	—	—	—	—	—	—	—	304.0	**304.0**	(0.7)	**303.3**
Gains and (losses) recognized directly in equity [1]	—	—	(8.4)	46.6	6.7	(11.8)	—	—	**33.0**	—	**33.1**
Consolidated net profit/(loss) and gains and losses recognized directly in equity	**—**	**—**	**(8.4)**	**46.6**	**6.7**	**(11.8)**	**—**	**304.0**	**337.0**	**(0.7)**	**336.4**
Allocation of net profit/(loss) from the prior period	—	—	549.1	(1.0)	—	—	—	(548.0)	**0.1**	(0.1)	**—**
Capital increases/(decreases)	—	—	—	—	—	—	—	—	**—**	—	**—**
Share-based payments	—	—	12.3	—	—	—	12.7	—	**25.0**	—	**25.0**
Own share purchases and disposals	—	—	—	—	—	—	(11.2)	—	**(11.2)**	—	**(11.2)**
Distributions	—	—	(82.9)	—	—	—	—	—	**(82.9)**	(0.2)	**(83.1)**
Change in consolidation scope	—	—	(5.6)	(0.3)	5.8	—	—	—	**—**	—	**—**
Other changes	—	—	(0.2)	(0.3)	(0.1)	—	—	—	**(0.6)**	—	**(0.5)**
Balance at 30 June 2021	**83.8**	**122.3**	**1,999.9**	**(14.6)**	**(22.1)**	**13.7**	**(100.5)**	**304.0**	**2,386.6**	**1.7**	**2,388.3**

[1] Detailed in the Comprehensive income statement.

[2] The main sources of consolidated reserves were as follows:
- reserves on financial assets measured at fair value through other items of comprehensive income;
- retained earnings.

(in millions of euros)	Share capital	Share premiums or contributions	Consolidated reserves [(2)]	Foreign exchange differences	Reserves related to retirement benefit obligations	Cash flow hedge reserves	Treasury shares	Net profit/(loss) for the period	Total Group equity	Equity attributable to non-controlling interests	Total equity
Balance at 01 January 2020	**83.8**	**741.9**	**1,024.0**	**61.8**	**(32.8)**	**(4.5)**	**(72.5)**	**(50.7)**	**1,751.0**	**2.0**	**1,753.1**
Consolidated net profit/(loss) for the period	—	—	—	—	—	—	—	221.9	**221.9**	0.8	**222.7**
Gains and (losses) recognized directly in equity [(1)]	—	—	(6.0)	(36.1)	0.3	3.6	—	—	**(38.3)**	(0.2)	**(38.5)**
Consolidated net profit/(loss) and gains and losses recognized directly in equity	**—**	**—**	**(6.0)**	**(36.1)**	**0.3**	**3.6**	**—**	**221.9**	**183.6**	**0.6**	**184.2**
Allocation of net profit/(loss) from the prior period [(3)]	—	(536.3)	485.6	—	—	—	—	50.7	**—**	—	**—**
Capital increases/(decreases)	—	—	—	—	—	—	—	—	**—**	—	**—**
Share-based payments	—	—	3.1	—	—	—	7.4	—	**10.6**	—	**10.6**
Own share purchases and disposals	—	—	—	—	—	—	(5.0)	—	**(5.0)**	—	**(5.0)**
Distributions	—	(83.2)	—	—	—	—	—	—	**(83.2)**	(0.3)	**(83.5)**
Other changes	—	—	1.5	(1.4)	—	—	—	—	**0.1**	—	**0.1**
Balance at 30 June 2020	**83.8**	**122.3**	**1,508.3**	**24.3**	**(32.5)**	**(0.9)**	**(70.1)**	**221.9**	**1,857.1**	**2.3**	**1,859.4**

(1) Detailed in the Comprehensive income statement.

(2) The main sources of consolidated reserves were as follows:
- reserves on financial assets at fair value through other items of comprehensive income
- retained earnings.

(3) On 29 May 2020, Ipsen S.A.'s Shareholders' Meeting voted to allocate earnings for 2019, particularly by transferring issue premiums and contributions as follows:
- allocating the loss to the Share contributions line item for an amount of €29,809,299.76
- allocating the loss to the Share premiums line item for an amount of €506,522,631.95.

Notes to the condensed consolidated financial statements

Introduction

All amounts in the condensed consolidated financial statements of the Ipsen Group ("Ipsen" or "the Group") are expressed in millions of euros, unless otherwise specified.

The accompanying notes form an integral part of the Group's condensed consolidated financial statements (the "condensed consolidated financial statements").

The condensed consolidated financial statements are closed on 30 June. Individual statements included in the condensed consolidated financial statements are prepared on the closing date of the condensed consolidated financial statements (30 June), and cover the same period.

The Board of Directors approved the condensed consolidated financial statements on 28 July 2021.

Note 1. Significant events during the period

1. Ipsen sells some entities it co-owns with Schwabe Group

On 30 April 2021, the Group signed an agreement to sell the stake it held in several entities it co-owned with the Schwabe group. The sales price was €28.4 million and gains/losses from the sale were not material for the Group.

The sale of Saint-Jean d'Illac S.C.A. is subject to a condition precedent and is shown in the "Assets held for sale" line item for €3.6 million as of 30 June 2021.

2. Palovarotene

On 28 May 2021, Ipsen announced that the FDA (Food and Drug Administration) accepted its drug application for palovarotene as the first potential treatment for patients with fibrodysplasia ossificans progressiva (FOP).

The FDA assigned a target regulatory action date of 30 November 2021 as the drug is under a Priority Review status.

Note 2. Changes in the scope of consolidation

The Group created two subsidiaries during the first half of 2021:
- Ipsen Consumer Health LLC (Russia), which is fully consolidated into the scope of consolidation;
- Sullypharm S.A.S. which is not included in the scope of consolidation as of 30 June 2021 due to its immaterial impact.

On 30 April 2021, Ipsen finalized the transaction to sell its investment in the following entities:
- Garnay Inc.
- Cara Partners
- Perechin Company
- Portpirie Company
- Wallingstown Company
- Wallingstown Company Limited

Ipsen's investments in these entities were recognized using the equity method until 30 April 2021.

Note 3. Accounting principles and methods, and compliance statement

3.1. General policies and compliance statement

In accordance with European regulation No. 1606/2002 adopted on 19 July 2002 by the European Parliament and Council, the Group's condensed consolidated financial statements as of 30 June 2021 were prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union as of the date they were prepared.

The IFRS as adopted by the European Union differ in certain respects from the IFRS published by the IASB. Nevertheless, the Group has verified that the financial information for the periods presented would not have been substantially different if it had applied IFRS as published by the IASB.

International accounting standards include International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), as well as the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) and the Standards Interpretations Committee (SIC).

The condensed consolidated financial statements as of 30 June 2021 were prepared in accordance with IAS 34 - *Interim Financial Reporting*, as endorsed by the European Union, which requires the disclosure of selected explanatory notes only.
The notes to the condensed consolidated financial statements do not include all disclosures required for complete annual financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.

All of the standards adopted by the European Union are available on the European Commission's website:
https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-endorsement-process

The condensed consolidated financial statements were prepared in accordance with the accounting principles and methods the Group applied to the financial statements for the 2020 fiscal year (described in note 2 to the consolidated financial statements for the year ended 31 December 2020 as published) and pursuant to other standards and interpretations in force as of 1 January 2021, except for the new standards and interpretations described below.

3.2 Standards and interpretations in effect as of 1 January 2021

The mandatory standards, amendments and interpretations published by the IASB and entered into force beginning in the 2021 fiscal year are listed below:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – *Interest Rate Benchmark Reform*, phase 2
- Amendments to IFRS 4 – *Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 – Financial Instruments*

3.2.1. Application of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – *Interest Rate Benchmark Reform*, phase 2

The Group analyzed contracts impacted by the change in interest rate benchmarks, but it did not lead the Group to consider significantly changing effective interest rates for contracts. Contracts will be updated during the second half of 2021 when new benchmark interest rates come out.

3.2.2. Application of amendments to IFRS 4 - *Insurance Contracts* - *Extension of the Temporary Exemption from Applying IFRS 9 – Financial Instruments*

Amendments to IFRS 4 did not have a material impact on the condensed consolidated financial statements for the period ended 30 June 2021.

3.3. Standards, amendments and interpretations adopted by the European Union and not adopted early by the Group

The Group did not opt to apply amendments and improvements early that were adopted by the European Union but not mandatory as of 1 January 2021:

- Amendments to IAS 16 – *Property, Plant and Equipment – Proceeds Before Intended Use*
- Amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets – Cost to Recognize a Provision for Onerous Contracts*
- Amendments to IFRS 3 – *Business Combinations – References to a Conceptual Framework*
- Annual improvements to IFRS 2018-2020

The Group was still reviewing these amendments to standards as of the date these consolidated financial statements were approved.

3.4. Standards, amendments and interpretations published but not yet endorsed by the European Union

Standards, amendments and interpretations published but not yet endorsed by the European Union are listed below:

- IFRS 17 - *Insurance Contracts and amendments to IFRS 17*
- Amendments to IAS 1 – *Presentation of Financial Statements – Classifying Liabilities as Current or Non-Current*
- Amendments to IAS 1 – *Presentation of Financial Statements – Disclosure of Accounting Policies*
- IAS 8 – *Accounting Policies – Definition of Accounting Estimates*
- IFRS 16 – *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*
- IAS 12 – Income Taxes – *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

As of the date of the condensed consolidated financial statements, the Group was still analyzing standards and amendments published by the IASB but not yet approved by the European Union.

3.5 Use of estimates

In the course of preparing its condensed consolidated financial statements, Ipsen's management made estimates, judgments and assumptions impacting the application of accounting methods as well as the carrying value of assets and liabilities and income and expense items.

The main uncertainties regarding the key estimates and judgments Ipsen made are the same as those applied in the consolidated financial statements for the year ended 31 December 2020.

3.6 Seasonal effects

The Group's business is not subject to any significant seasonal effects on sales.

Note 4. Operating segments

The Group's business is organized into two operating segments—Specialty Care and Consumer Healthcare.

All costs allocated to these two segments are presented below. Corporate overhead costs and the impact of currency hedging are not allocated to the two operating segments.

Core Operating Income is the indicator the Group uses to measure operating performance and to allocate resources. Core Operating Income is Operating Income that excludes amortization expenses for intangible assets (excluding software), restructuring costs, impairment losses on intangible assets and property, plant and equipment, as well as other items arising from significant events that could distort the reading of the Group's performance from one period to another.

These performance indicators do not replace IFRS indicators and should not be viewed as doing so. The Group uses them in addition to IFRS indicators.

1. Core Operating Income by operating segment

(in millions of euros)	2021	2020
Specialty Care		
Sales	1,244.5	1,167.1
Revenue	1,296.3	1,194.6
Core Operating Income	570.5	503.5
% of net sales	*45.8%*	*43.1%*
Consumer Healthcare		
Sales	105.9	101.2
Revenue	118.3	112.3
Core Operating Income	15.6	5.6
% of net sales	*14.7%*	*5.5%*
Other (unallocated)		
Core Operating Income	(106.2)	(98.9)
Total		
Sales	1,350.3	1,268.3
Revenue	1,414.6	1,306.9
Core Operating Income	479.8	410.2
% of net sales	*35.5%*	*32.3%*

A reconciliation between Core Operating Income and Operating Income is presented in the table below:

(in millions of euros)	2021	2020
Core Operating Income	**479.8**	**410.2**
Amortization of intangible assets, excluding software	(41.0)	(43.9)
Other operating income and expenses	(22.7)	(19.2)
Restructuring costs	(4.0)	(15.4)
Impairment losses	—	(81.7)
Operating Income	**412.2**	**249.8**

2. **Sales by therapeutic area and product**

(in millions of euros)	2021	2020
Oncology	**1,013.1**	**967.5**
Somatuline ®	*561.4*	*562.3*
Decapeptyl ®	*222.5*	*193.6*
Cabometyx ®	*166.8*	*136.8*
Onivyde ®	*57.8*	*62.5*
Other Oncology products	*4.5*	*12.4*
Neurosciences	**205.8**	**170.5**
Dysport ®	*202.8*	*169.5*
Rare diseases	**25.6**	**29.1**
NutropinAq ®	*17.0*	*19.2*
Increlex ®	*8.6*	*9.9*
Specialty Care	**1,244.5**	**1,167.1**
Smecta ®	*35.7*	*37.8*
Forlax ®	*17.2*	*19.8*
Tanakan ®	*20.6*	*19.4*
Fortrans/Eziclen ®	*16.7*	*11.8*
Other Consumer Healthcare	*15.7*	*12.3*
Consumer Healthcare	**105.9**	**101.2**
Sales	**1,350.3**	**1,268.3**

3. **Other information**

(in millions of euros)	30 June 2021			Total
	Specialty Care	Consumer Healthcare	Other (unallocated)	
Acquisition of property, plant & equipment	(30.5)	(2.9)	(0.6)	(34.1)
Acquisition of intangible assets	(36.2)	(0.9)	(7.3)	(44.5)
Total investments (excluding changes in consolidation scope)	**(66.7)**	**(3.8)**	**(7.9)**	**(78.6)**
Net depreciation, amortization and provisions (excluding financial assets)	(81.3)	(8.4)	(20.7)	(110.3)

Note 5. Other operating income and expenses

During the first half of 2021, Other operating income and expenses amounted to €57.1 million before tax, compared to €58.0 million during the first half of 2020. It mainly related to the amortization of intangible assets (Cabometyx® and Onivyde)® to costs arising from the Group’s transformation programs and to currency hedges.

Note 6. Restructuring costs

During the first half of 2021, restructuring costs accounted for €4.0 million in expenses before tax, versus €15.4 million during the first half of 2020.

During the first half of 2020, restructuring costs primarily consisted of costs to transform the Consumer Healthcare France commercial subsidiary and costs to relocate the Onivyde manufacturing site from Cambridge, Massachusetts (U.S.) to Signes (France).

Note 7. Net financial income

(in millions of euros)	2021	2020
Investment income	0.6	1.1
Financing costs	(12.0)	(14.7)
Net financing costs	**(11.4)**	**(13.6)**
Foreign exchange gain/(loss) on non-operating operations	2.8	3.3
Change in fair value of equity investments	3.9	0.2
Net interest on employee benefits	—	(0.2)
Change in fair value of contingent assets and liabilities (1)	(1.5)	39.9
Other financial liabilities (2)	(5.1)	(9.4)
Other financial income and expenses	**0.1**	**33.9**
Financial income/(expenses)	**(11.2)**	**20.3**

(1) Over the first half of 2020, Ipsen recorded €39.9 million in income from remeasuring contingent payments. The fair value adjustment of contingent assets and liabilities included, in particular, a €45.0 million gain related to Contingent Value Rights (CVR) issued to former Clementia Pharmaceuticals shareholders, as well as to conditional regulatory and sales milestone payments after recent decisions regarding palovarotene clinical trials.

(2) Other financial income and expenses mainly related to the cost of the Group's currency hedges.

Note 8. Income taxes

1. Effective tax rate

(in millions of euros)	2021	2020
Net profit/(loss) from continuing operations	302.1	221.3
Share of net profit/(loss) from equity-accounted companies	0.1	(1.3)
Profit from continuing operations before share of results from equity-accounted companies	**302.0**	**222.6**
Current tax	(67.9)	(99.4)
Deferred tax	(31.1)	51.9
Income taxes	**(99.0)**	**(47.5)**
Pre-tax profit from continuing operations before share of results from equity-accounted companies	**401.0**	**270.1**
Effective tax rate	**24.7 %**	**17.6 %**

As of 30 June 2021, the Group's effective tax rate was 24.7% of profit before tax from continuing operations and before the share of profit/(loss) from equity-accounted companies, compared with an effective tax rate of 17.6% as of 30 June 2020. This change is mainly due to the lack of tax effect related to the €45.0 million fair value adjustment related to CVR issued to former shareholders of Clementia Pharmaceuticals as well as regulatory and commercial milestones payments recognized in 2020.

2. Movements during the first half of 2021

(in millions of euros)	31 December 2020	(Loss)/profit in income statement	Deferred taxes recorded directly to reserves	Foreign exchange differences	Transfers and other movements	30 June 2021
Deferred tax assets	247.4	(20.1)	(1.4)	2.4	2.7	231.0
Deferred tax liabilities	(79.9)	(11.0)	4.5	(3.1)	(2.5)	(92.1)
Net deferred tax assets	**167.5**	**(31.1)**	**3.1**	**(0.7)**	**0.2**	**138.9**

Changes recorded in “Profit/Loss in the income statement” totaling a €(31.1) million loss primarily reflect deferred taxes being absorbed by tax loss carryforwards €(19.2) million as well as taxation of consolidation restatements pertaining to the elimination of €(4.5) million in margins on inventory.

Note 9. Goodwill

The Group's operating segments are Specialty Care and Consumer Healthcare. Goodwill is allocated to these two operating segments according to the Group's structure.

(in millions of euros)	Gross goodwill	Impairment losses	Net goodwill
31 December 2020	**600.9**	**(8.0)**	**592.8**
Changes in consolidation scope	—	—	—
Foreign exchange differences	12.1	(0.5)	11.6
30 June 2021	**613.0**	**(8.5)**	**604.4**

The Group conducts impairment tests at least once per year. As of 30 June 2021, there was no indication of impairment loss. As a result, no impairment test has been conducted.

Note 10. Other intangible assets

(in millions of euros)	Intellectual property	Software	Other intangible assets and intangible assets in progress	Total other intangible assets
Gross value at 31 December 2019	**2,495.2**	**141.2**	**36.0**	**2,672.4**
Acquisitions/increases	32.7	11.9	14.7	59.3
Disposals/decreases	(49.0)	(8.0)	—	(57.0)
Foreign exchange differences	(152.9)	(1.1)	(0.3)	(154.3)
Transfers and other movements	3.5	22.0	(23.7)	1.9
Gross value at 31 December 2020	**2,329.5**	**166.0**	**26.8**	**2,522.2**
Acquisitions/increases	34.4	2.3	7.8	44.5
Disposals/decreases	(12.3)	(1.1)	(0.2)	(13.5)
Foreign exchange differences	57.9	0.6	—	58.6
Transfers and other movements	—	13.4	(10.8)	2.5
Gross value at 30 June 2021	**2,409.5**	**181.2**	**23.7**	**2,614.4**
Amortization and impairment at 31 December 2019	**(1,186.7)**	**(99.4)**	**(3.2)**	**(1,289.2)**
Amortization	(86.1)	(20.1)	(0.4)	(106.6)
Impairment losses	(125.9)	—	—	(125.9)
Disposals/decreases	22.7	3.7	—	26.4
Foreign exchange differences	93.7	0.6	—	94.3
Transfers and other movements	—	(0.1)	—	(0.1)
Amortization and impairment at 31 December 2020	**(1,282.4)**	**(115.2)**	**(3.5)**	**(1,401.1)**
Amortization	(40.8)	(10.0)	(0.2)	(50.9)
Impairment losses	—	—	—	—
Disposals/decreases	12.3	0.2	—	12.5
Foreign exchange differences	(32.0)	(0.4)	—	(32.4)
Transfers and other movements	—	—	—	—
Amortization and impairment at 30 June 2021	**(1,342.8)**	**(125.4)**	**(3.7)**	**(1,471.9)**
Net value at 31 December 2020	**1,047.1**	**50.8**	**23.2**	**1,121.1**
Net value at 30 June 2021	**1,066.7**	**55.8**	**19.9**	**1,142.4**

1. Gross value of intangible assets

During the first half of 2021, the change in gross value of intangible assets was mainly related to:

- recognizing intangible assets as payments to Exelixis for €33.9 million;
- transferring intellectual property to partners as part of the Group's continued strategic review of the Specialty Care business.

2. Impairment of intangible assets

In accordance with IAS 36, the Group has reviewed all external and internal indices that could indicate any impairment of intangible assets. As of 30 June 2021, there was no indication of impairment loss. As a result, no impairment test has been conducted.

Note 11. Property, plant & equipment

1. Changes in property, plant and equipment

Property, plant and equipment, shown below, include rights of use for leased assets.

(in millions of euros)	Land	Buildings	Equipment and tools	Other assets	Tangible assets in progress	Total property, plant and equipment
Gross value at 31 December 2019	**18.3**	**517.2**	**376.6**	**128.6**	**129.8**	**1,170.6**
Acquisitions/increases	1.5	9.1	9.9	14.2	46.8	81.4
Disposals/decreases	—	(4.4)	(10.1)	(8.4)	—	(22.9)
Foreign exchange differences	(0.2)	(15.0)	(8.8)	(5.2)	(1.5)	(30.7)
Transfers and other movements	2.0	45.4	25.0	10.3	(84.6)	(1.8)
Gross value at 31 December 2020	**21.7**	**552.3**	**392.4**	**139.4**	**90.6**	**1,196.5**
Acquisitions/increases	—	7.2	0.2	5.8	20.9	34.1
Disposals/decreases	—	(3.7)	(1.2)	(4.8)	—	(9.7)
Foreign exchange differences	0.1	8.6	8.3	2.9	1.2	21.0
Transfers and other movements	0.1	13.0	10.0	3.0	(28.6)	(2.6)
Gross value at 30 June 2021	**22.0**	**577.3**	**409.8**	**146.3**	**84.0**	**1,239.3**
Amortization and impairment at 31 December 2019	**(2.9)**	**(217.0)**	**(213.6)**	**(56.3)**	**(1.5)**	**(491.3)**
Amortization	(0.5)	(42.6)	(21.3)	(19.7)	—	(84.1)
Impairment losses	—	(1.3)	(2.7)	—	—	(4.0)
Disposals/decreases	—	1.6	9.3	7.8	—	18.8
Foreign exchange differences	—	4.9	3.6	2.2	—	10.8
Transfers and other movements	—	—	(0.1)	—	—	—
Amortization and impairment at 31 December 2020	**(3.3)**	**(254.3)**	**(224.7)**	**(66.0)**	**(1.5)**	**(549.9)**
Amortization	(0.3)	(22.1)	(11.6)	(10.2)	—	(44.2)
Impairment losses	—	—	—	—	—	—
Disposals/decreases	—	2.4	1.2	4.5	—	8.1
Foreign exchange differences	—	(3.0)	(3.4)	(1.2)	—	(7.7)
Transfers and other movements	—	(0.2)	—	0.2	—	—
Amortization and impairment at 30 June 2021	**(3.6)**	**(277.2)**	**(238.5)**	**(72.7)**	**(1.5)**	**(593.6)**
Net value at 31 December 2020	**18.4**	**298.0**	**167.7**	**73.5**	**89.1**	**646.6**
Net value at 30 June 2021	**18.3**	**300.1**	**171.3**	**73.5**	**82.5**	**645.7**

2. Asset leases – rights of use

(in millions of euros)	Real estate	Cars	Other	Total assets rights of use
Net value at 31 December 2020	**96.0**	**11.0**	**0.8**	**107.7**
Acquisitions/increases	6.5	3.0	—	9.5
Disposals/decreases	(1.5)	(0.1)	—	(1.6)
Amortization	(11.1)	(3.7)	(0.2)	(15.0)
Foreign exchange differences	1.9	0.1	—	2.0
Transfers and other movements	—	—	—	—
Net value at 30 June 2021	**91.8**	**10.2**	**0.6**	**102.6**

Note 12. Equity investments

(in millions of euros)	Equity investments at fair value through other comprehensive income	Equity investments at fair value through profit and loss	Equity investments
31 December 2020	**44.2**	**40.2**	**84.5**
Change in fair value	(9.9)	3.9	(6.0)
Increase	3.2	10.0	13.2
Decrease	(1.5)	—	(1.5)
Other movements including foreign exchange differences	0.1	—	0.1
30 June 2021	**36.1**	**54.2**	**90.3**

As of 30 June 2021, changes in fair value of equity instruments through other comprehensive income primarily included Rhythm Pharmaceuticals for €(6.5) million and Arix Bioscience plc for €(2.1) million.

The increase in equity investments at fair value through profit/(loss) mainly includes a transfer of shares from the Canadian company Fusion Pharmaceutical worth €5.4 million.

Note 13. Investments in equity-accounted companies

(in million of euros)	30 June 2021	31 December 2020
Investments in equity-accounted companies	13.8	19.1

On 30 April 2021, Ipsen sold its equity investment in the following entities:

- Garnay Inc.
- Cara Partners
- Perechin Company
- Portpirie Company
- Wallingstown Company
- Wallingstown Company Limited

Ipsen recognized its equity investment in these entities using the equity method until 30 April 2021. On this date, the carrying value of the equity investment amounted to €3.2 million, which was settled at the end of the transaction.

In addition, the agreement also includes Ipsen selling its equity investment in Saint-Jean d'Illac S.C.A. Since the terms and conditions to finalize this transaction were not met as of 30 June 2021, Ipsen reclassified the equity investment for the entity's fair value to "Assets held-for-sale" in the consolidated balance sheet.

An investigation into anti-competitive practices was launched in 2019 against Linnea. Since the authorities have provided little information regarding allegations made at this time, Linnea cannot predict the potential financial impact on its financial statements with a reasonable level of assurance. For this reason, Linnea did not record a provision in its financial statements as of 30 June 2021.

Note 14. Current assets and liabilities

1. Inventories

(in millions of euros)	30 June 2021			31 December 2020
	Gross value	Depreciation	Net value	Net value
Raw materials and supplies	64.6	(2.8)	61.9	54.4
Work in progress	67.0	(3.1)	63.9	47.5
Finished goods	114.1	(7.2)	107.0	112.1
Total	**245.7**	**(13.0)**	**232.7**	**213.9**

2. Trade receivables

(in millions of euros)	30 June 2021	31 December 2020
Gross value	559.6	481.3
Depreciation	(5.0)	(5.1)
Net value	**554.6**	**476.2**

Change over the period includes €10.1 million related to foreign exchange impacts.

3. Trade payables

(in millions of euros)	30 June 2021	31 December 2020
Trade payables	518.6	495.2

Change over the period includes €6.7 million related to foreign exchange impacts.

4. Current assets

(in millions of euros)	30 June 2021	31 December 2020
Contingent assets related to business combination	—	18.2
Derivative financial instruments	2.1	3.9
Other current financial assets	—	26.8
Advance payments to suppliers	8.7	12.1
Prepayments	43.5	36.2
Recoverable VAT	60.9	43.0
Other assets	29.0	22.4
Total current financial assets and other current assets	**144.1**	**162.6**

On 30 April 2021, Ipsen sold its current financial assets related to the Cara Partners and Wallingstown Company partnerships. On this date, the carrying amount of these assets totaled €25.2 million, which was settled at the end of the transaction.

Additionally, this agreement also included selling current financial assets associated with Saint-Jean d'Illac S.C.A. Since the terms and conditions for finalizing this transaction were not met as of 30 June 2021, Ipsen reclassified these current financial assets at their fair value to "Assets held for sale" in the consolidated balance sheet.

5. Other liabilities

(in millions of euros)	30 June 2021	31 December 2020
Non-current deferred income	46.6	45.1
Total other non-current liabilities	**46.6**	**45.1**
Amounts due to non-current asset suppliers	24.7	38.6
Employment-related liabilities	150.4	164.7
VAT payable	39.9	20.2
Other current tax liabilities (excluding VAT and Corporate Tax)	15.1	15.6
Current deferred income	5.8	5.4
Other liabilities	5.8	5.5
Total other current liabilities	**241.7**	**250.0**

Note 15. Consolidated shareholders' equity

1. Share capital

As of 30 June 2021, Ipsen had €83,814,526 in share capital, comprising 83,814,526 ordinary shares with a par value of €1 per share, including 48,339,786 shares with double voting rights, compared with 83,814,526 ordinary shares with a par value of €1 per share, including 48,301,470 shares with double voting rights as of 31 December 2020.

2. Distributions

A dividend of €1.00 per share was approved by the General Shareholders' Meeting on 27 May 2021 and paid to shareholders.

The distribution paid to shareholders for fiscal year 2020 was €1.00 per share.

Note 16. Provisions

(in millions of euros)	Provisions for business and operating risks	Provisions for legal risks	Provision for restructuring costs	Other provisions	Total Provisions
31 December 2019	**7.5**	**20.7**	**8.4**	**3.0**	**39.6**
Charges	4.9	9.6	36.7	2.3	53.4
Applied reversals	(2.5)	(2.1)	(5.4)	(1.7)	(11.6)
Released reversals	(0.1)	(0.7)	(0.8)	—	(1.7)
Foreign exchange differences, transfers and other movements	(0.1)	(0.5)	(0.8)	(0.6)	(2.0)
31 December 2020	**9.7**	**27.0**	**38.1**	**2.9**	**77.7**
Charges	15.3	11.4	3.4	2.8	32.9
Applied reversals	(2.9)	(0.8)	(12.6)	(0.7)	(17.0)
Released reversals	(0.7)	(1.1)	(0.5)	—	(2.4)
Foreign exchange differences, transfers and other movements	—	0.6	0.4	(0.4)	0.7
30 June 2021	**21.4**	**37.0**	**28.8**	**4.7**	**91.9**
of which non-current	*11.3*	*34.0*	*0.6*	*3.4*	*49.3*
of which current	*10.1*	*3.0*	*28.3*	*1.3*	*42.7*

As of 30 June 2021, provisions broke down as follows:

- **Business and operating risks and expenses**

These provisions include certain business risks reflecting costs that the Group could be charged to terminate commercial contracts, research and development studies, or resolve various business disagreements.

- **Legal risks**

These provisions include, in particular, the risk of tax reassessment by local authorities at certain Group subsidiaries and certain additional taxes that the Group may be required to pay.

- **Restructuring**

These provisions mainly correspond to costs incurred by the Group to adapt its structure, transformation costs for its commercial subsidiary Consumer Healthcare France and costs to relocate the Onivyde® manufacturing site from Cambridge, Massachusetts (U.S.) to Signes (France).

Note 17. Bank loans and financial liabilities

(in millions of euros)	31 December 2020	Increase/Additions	Decrease/Repayment	Change in fair value	Other movements including foreign exchange differences	30 June 2021
Bonds and bank loans	542.7	—	—	—	7.5	550.2
Lease liability	96.4	9.6	(1.6)	—	(13.8)	90.6
Other financial liabilities	4.4	2.2	(0.7)	—	(0.4)	5.5
Non-current financial liabilities (measured at amortized cost)	643.5	11.8	(2.3)	—	(6.7)	646.3
Contingent liabilities related to business combinations	118.1	—	(0.1)	1.3	5.7	125.0
Non-current financial liabilities (measured at fair value)	118.1	—	(0.1)	1.3	5.7	125.0
Total non-current financial liabilities	**761.6**	**11.8**	**(2.4)**	**1.3**	**(1.0)**	**771.2**
Credit lines and bank loans	199.0	—	(53.2)	—	4.5	150.3
Lease liability	29.9	—	(16.1)	—	16.3	30.1
Other financial liabilities [(1)]	155.7	368.6	(415.6)	—	(1.6)	107.0
Current financial liabilities (measured at amortized cost)	384.7	368.6	(484.9)	—	19.1	287.4
Contingent liabilities related to business combinations	19.1	—	(18.9)	2.2	1.8	4.3
Derivative financial instruments	4.8	—	—	0.5	—	5.2
Current financial liabilities (measured at fair value)	23.9	—	(18.9)	2.7	1.8	9.5
Total current financial liabilities	**408.6**	**368.6**	**(503.8)**	**2.7**	**20.9**	**297.0**
Total financial liabilities	**1,170.2**	**380.4**	**(506.2)**	**3.9**	**19.9**	**1,068.2**

[(1)] Issues and repayments of other current financial liabilities measured at amortized cost mainly involve commercial paper.

The Group's financing includes, in particular:

- a €300 million unsecured, seven-year public bond taken out on 16 June 2016
- a $300 million loan through a US Private Placement (USPP) in two tranches maturing in 7 and 10 years, taken out on 23 July 2019
- a €1.5 billion 5-year Revolving Credit Facility (RCF) taken out on 24 May 2019 that initially matured in five years, but includes two one-year extension options. The extension options were exercised in 2020 and 2021, respectively, pushing the new maturity to May 2026.

As of 30 June 2021, €150.3 million of the RCF had been drawn down and €100 million of the €600 million NEU CP - Negotiable EUropean Commercial Paper program had been drawn down.

Note 18. Financial instruments

Part of the Group's business is conducted in countries where the euro, Ipsen's reporting currency, is the functional currency. However, since Ipsen conducts business around the world, the Group is exposed to exchange rate fluctuations that can affect its results. This can lead to several types of risk:

- transactional foreign exchange risk related to business activities. The Group hedges its main foreign currencies based on budget forecasts (USD, GBP, CNY, RUB, CHF, AUD, BRL, TRY)
- financial exchange rate risk related to financing contracted in a currency different from the functional currencies of Group entities.

Ipsen implemented a foreign exchange rate hedging policy to reduce the exposure of its net profit to foreign currency fluctuations.

- **Impact of financial instruments used for future cash flow hedges on Shareholders' Equity**

As of 30 June 2021, the future cash flow hedge reserve for business transactions came to a pre-tax reserve of €5.2 million, compared to a €14.3 million pre-tax reserve as of 31 December 2020.

- **Impact of financial instruments used for future cash flow hedges on Operating income**

As of 30 June 2021, future cash flow hedges on business transactions impacted Operating income €6.5 million, versus €5.0 million as of 30 June 2020.

- **Impact of financial instruments used for future cash flow hedges on Net financial income/(expenses)**

As of 30 June 2021, financial instruments used for future cash flow hedges recognized in Net financial income/(expense) came to €(2.2) million.

- **Impact of financial instruments not qualified for future cash flow hedges on Net financial income/(expenses)**

The impact of ineffective financial instruments is included in the "Foreign exchange gain/(loss) on non-operating operations line item in net financial income/(expense) (€2.8 million as of 30 June 2021). The impact of these financial instruments in Net financial income/(expenses) came to €(2.0) million over the period.

- **Impact of financial instruments used for net investment hedges on Shareholders' Equity**

As of 30 June 2021, net investment hedge reserve accounted for €13.4 million before tax, compared to €20.6 million as of 31 December 2020.

Derivative financial instruments held by the Group as of 30 June 2021 and 31 December 2020 broke down as follows:

(in millions of euros)		30 June 2021						31 December 2020		
		Face value	Fair value		Nominal value by maturity			Face value	Fair value	
			Assets	Liabilities	Less than 1 year	1 to 5 years	Over 5 years		Assets	Liabilities
Exchange rate risk hedging - Business transactions										
Put forward contracts	Cash Flow Hedge	188.0	0.8	(2.5)	188.0	—	—	345.1	2.7	(3.7)
Put option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Seller at maturity foreign exchange swaps	Cash Flow Hedge	120.1	0.5	(1.9)	120.1	—	—	73.1	0.8	(0.5)
Call forward contracts	Cash Flow Hedge	17.5	0.6	—	17.5	—	—	84.8	0.1	(0.2)
Call option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Cash Flow Hedge	9.7	—	(0.1)	9.7	—	—	13.3	—	—
Total business transactions		**335.3**	**1.9**	**(4.5)**	**335.3**	**—**	**—**	**516.3**	**3.6**	**(4.4)**
Exchange rate risk hedging - Financial transactions										
Put forward contracts	Not qualified derivatives	—	—	—	—	—	—	—	—	—
Seller at maturity foreign exchange swaps	Not qualified derivatives	118.0	0.2	(0.3)	118.0	—	—	96.2	0.2	(0.2)
Call forward contracts	Not qualified derivatives	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Not qualified derivatives	141.9	—	(0.4)	141.9	—	—	74.8	—	(0.2)
Financial transactions		**259.9**	**0.2**	**(0.8)**	**259.9**	**—**	**—**	**171.1**	**0.2**	**(0.4)**
Total hedging of business and financial transactions		**595.1**	**2.1**	**(5.2)**	**595.1**			**687.4**	**3.9**	**(4.8)**

Note 19. Information on related parties

Except for selling some entities also owned by Schwabe Group and shown in Note 1 “Significant events during the period”, the Group did not enter into any new significant transactions with related parties during the period.

Note 20. Commitments and contingent liabilities

In connection with its business, and in particular with strategic development operations intended to forge partnerships, the Group regularly enters into agreements that may result in potential financial commitments, provided that certain events occur (see Note 24 to the consolidated financial statements for the year ended 31 December 2020).

The primary movements of commitments and contingent liabilities during the first half of 2021 concern operating commitments received and include:

- €418 million (€12 million probable and discounted) additional commitments for the transfer of Specialty Care intellectual property and programs;
- €210 million (€3 million probable and discounted) canceled commitments pertaining to the end of the partnership agreement with Tiburio Therapeutics Inc.

Other existing commitments as of 31 December 2020 have not changed significantly as of 30 June 2021.

Note 21. Subsequent events with no impact on the consolidated financial statements as of 30 June 2021

On 15 July 2021, Ipsen and the Swedish R&D company IRLAB entered into an exclusive worldwide licensing agreement to improve the lives of patients living with Parkinson's disease. IRLAB will be eligible to receive up to $363 million, including an upfront cash payment of $28 million and up to $335 million in development, regulatory and commercial milestones. IRLAB is also eligible to receive tiered low double-digit royalties on worldwide net sales of mesdopetam.

On 27 July 2021, Ipsen and BAKX Therapeutics Inc. signed an exclusive worldwide-collaboration agreement to research, develop, manufacture and commercialize BKX-001 as a potential treatment for leukemia, lymphoma and solid tumors. Ipsen will pay BAKX Therapeutics Inc. $14.5 million upon closing, comprising an equity investment and an upfront payment, followed by up to $ 837.5million in milestone payments. The companies would also share equally costs and profits.

2. ACTIVITY REPORT

Comparison of Consolidated Sales for the Second Quarter and First Half 2021 and 2020

Sales by therapeutic area and by product

(in million euros)	6 months				2nd Quarter			
	2021	2020	Change Actual	CER[1]	2021	2020	Change Actual	CER[1]
Total Specialty Care	**1,244.5**	**1,167.1**	**6.6%**	**11.2%**	**632.9**	**564.5**	**12.1%**	**16.2%**
Oncology	**1,013.1**	**967.5**	**4.7%**	**8.9%**	**517.7**	**474.9**	**9.0%**	**13.0%**
Somatuline®	561.4	562.3	-0.1%	5.2%	284.5	276.8	2.8%	8.0%
Decapeptyl®	222.5	193.6	15.0%	16.3%	116.2	97.0	19.9%	20.6%
Cabometyx®	166.8	136.8	22.0%	22.9%	83.6	64.4	29.8%	30.2%
Onivyde®	57.8	62.5	-7.6%	1.5%	31.3	31.3	-0.1%	9.9%
Other Oncology	4.5	12.4	-63.4%	-63.6%	2.1	5.4	-60.5%	-60.9%
Neuroscience	**205.8**	**170.5**	**20.7%**	**28.3%**	**102.7**	**77.1**	**33.2%**	**38.2%**
Dysport®	202.8	169.5	19.6%	27.1%	101.0	76.6	31.8%	36.6%
Rare Disease	**25.6**	**29.1**	**-12.0%**	**-10.1%**	**12.6**	**12.6**	**-**	**2.0%**
NutropinAq®	17.0	19.2	-11.2%	-11.3%	8.6	8.1	6.5%	6.0%
Increlex®	8.6	9.9	-13.6%	-7.7%	4.0	4.5	-11.7%	-5.3%
Total Consumer Healthcare	**105.9**	**101.2**	**4.7%**	**8.6%**	**58.9**	**49.1**	**19.8%**	**23.1%**
Smecta®	35.7	37.8	-5.6%	-1.8%	19.4	19.9	-2.8%	0.9%
Tanakan®	20.6	19.4	6.2%	11.8%	12.1	9.2	31.1%	34.9%
Forlax®	17.2	19.8	-12.8%	-11.2%	8.1	9.9	-18.0%	-16.8%
Fortrans/Eziclen®	16.7	11.8	40.9%	47.6%	9.9	5.0	97.6%	102.0%
Other Consumer Healthcare	15.7	12.3	27.0%	29.8%	9.4	5.1	85.3%	87.1%
Total Sales	**1,350.3**	**1,268.3**	**6.5%**	**11.0%**	**691.8**	**613.6**	**12.7%**	**16.8%**

Specialty Care
Sales in H1 2021 amounted to €1,244.5m, an increase of 11.2%[1]. Oncology and Neuroscience sales increased by 8.9%[1] and 28.3%[1] to €1,013.1m and €205.8m, respectively, while Rare Disease sales declined by 10.1%[1] to €25.6m.

Specialty Care comprised 92.2% of total sales (H1 2020: 92.0%).

[1] Excludes any foreign-exchange impact by recalculating the performance for the relevant period by applying the exchange rates used for the prior period.

Oncology
Sales of €1,013.1m in H1 2021 represented growth of 8.9%[2], reflecting continued market-share gains in most markets, and a market recovery in China underpinned the strong performance of Decapeptyl®, while there were also good results for Cabometyx® and Somatuline® globally.

Oncology sales in H1 2021 comprised 75.0% of total sales (H1 2020: 76.3%).

- **Somatuline®** sales reached €561.4m in H1 2021, an increase of 5.2%[2], driven by continued market-share gains in most markets and a limited impact from generic-octreotide sales in Europe. North America sales grew by 3.6%[2], partly a reflection of a strong Q2 2020 performance impacted by end-user buying patterns; the performance in H1 2021 in North America was driven by encouraging volumes.

- **Decapeptyl®** sales in H1 2021 of €222.5m reflected growth of 16.3%[2], mainly driven by China, which significantly recovered from the initial impacts in 2020 from COVID-19. The good performance in France and rest of Asia was mirrored by market-share gains.

- **Cabometyx®** sales in H1 2021 reached €166.8m, up by 22.9%[2], driven by a strong volume uptake across most geographies in both renal cell carcinoma and hepatocellular carcinoma. Following regulatory approval, Cabometyx®, in combination with nivolumab, was recently launched in Germany as a first-line treatment for patients with renal cell carcinoma.

- **Onivyde®** sales in H1 2021 of €57.8m reflected an increase of 1.5%[2], driven by higher sales to Ipsen's ex-U.S. partner, Servier, offset by the impact of the pandemic on cancer treatment in the U.S.

Neuroscience
Dysport® sales reached €202.8m in H1 2021, up by 27.1%[2], partly driven by an encouraging recovery from the pandemic in most markets, particularly in the second quarter, as well as a good performance in the North America and Europe therapeutics markets and growing aesthetics markets in Turkey, Russia and the Middle East. There was also a continued solid aesthetics performance from Ipsen's partner, Galderma, in most of its markets.

Neuroscience sales comprised 15.2% of total sales in H1 2021 (H1 2020:13.4%).

Rare Disease
NutropinAq® (*somatropin*) sales in H1 2021 of €17.0m, a decline of 11.3%[2], reflected competitive pressures across Europe. A decline in **Increlex®** (*mecasermin*) sales of 7.7%[2] to €8.6m was partly a result of lower demand in the U.S., reflecting continued COVID-19 effects.

Rare Disease sales in H1 2021 comprised 1.9% of total sales (H1 2020: 2.3%).

Consumer Healthcare
Sales of €105.9m in H1 2021 reflected growth of 8.6%[2], with a strong performance complemented by an element of phasing and by the 47.6%[2] growth of **Fortrans**/**Eziclen®** (*macrogol 4000*) to €16.7m, mainly reflecting the reduced level of sales in the comparative period, particularly in China. There was also an 11.8%[2] increase in sales of **Tanakan®** (*ginkgo biloba extract*) to €20.6m, driven by a good performance and a high level of deliveries in Vietnam. **Smecta®** (*diosmectite*) sales declined by 1.8%[2] to €35.7m, with the recovery in China offset by generic-medicine pressure in France.

Consumer Healthcare sales in H1 2021 comprised 7.8% of total sales (H1 2020: 8.0%).

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[2] Excludes any foreign-exchange impact by recalculating the performance for the relevant period by applying the exchange rates used for the prior period.

Sales by geographical area

(in million euros)	6 Months				2nd Quarter			
	2021	2020	Change Actual	Change CER[3]	2021	2020	Change Actual	Change CER[3]
Major Western European Countries	**440.7**	**414.3**	**6.4%**	**6.6%**	**223.3**	**190.2**	**17.4%**	**17.4%**
France	155.4	146.8	5.8%	6.7%	80.9	68.1	18.8%	20.1%
Germany	102.2	94.0	8.7%	8.7%	49.1	43.8	12.2%	12.2%
Italy	65.4	61.1	7.1%	7.1%	32.5	25.9	25.5%	25.5%
Spain	59.1	54.9	7.5%	7.5%	30.8	25.1	22.6%	22.6%
U.K.	58.6	57.4	2.2%	1.6%	30.0	27.4	9.7%	6.6%
Other European Countries	**257.6**	**249.3**	**3.4%**	**8.0%**	**137.0**	**117.2**	**17.0%**	**20.9%**
Eastern Europe	118.8	107.0	11.0%	19.6%	64.8	49.7	30.4%	37.1%
Other Europe	138.8	142.3	-2.4%	-0.5%	72.3	67.5	7.0%	9.1%
North America	**403.0**	**418.9**	**-3.8%**	**4.9%**	**196.1**	**203.4**	**-3.6%**	**5.0%**
Rest of the World	**248.9**	**185.9**	**33.9%**	**38.3%**	**135.4**	**102.9**	**31.7%**	**33.4%**
Asia	126.3	75.7	66.8%	68.6%	72.4	44.1	64.0%	65.3%
Other Rest of the World	122.6	110.1	11.4%	17.2%	63.1	58.7	7.4%	9.7%
Total Sales	**1,350.3**	**1,268.3**	**6.5%**	**11.0%**	**691.8**	**613.6**	**12.7%**	**16.8%**

Major Western European countries
Sales in H1 2021 reached €440.7m, an increase of 6.6%[3]. Major Western European countries comprised 32.6% of total sales in H1 2021 (H1 2020: 32.7%).

- **France**: sales of €155.4m, an increase of 6.7%[3], reflected a solid recovery from the pandemic with continued market-share gains for most Specialty Care medicines, offset by a low diarrhea market, impacting Consumer Healthcare.

- **Germany**: sales reached €102.2m, up by 8.7%[3], mainly driven by continued market-share gains for Cabometyx® and Somatuline®, with a limited impact from the sale of generic octreotide.

- **Italy**: sales of €65.4m, up by 7.1%[3], with a solid performance of Cabometyx®, along with an improved Consumer Healthcare performance.

- **Spain**: sales of €59.1m reflected an increase of 7.5%[3], driven by market-share gains for Somatuline® and Decapeptyl®.

- **U.K.**: sales reached €58.6m, an increase of 1.6%[3], driven by solid growth of Somatuline® due to market-share gains, partly offset by lower volumes of Decapeptyl®.

Other European countries
Sales in H1 2021 reached €257.6m, up by 8.0%[3], mainly driven by higher Dysport® volumes in Russia and Greece, along with successful launches and market-share gains for Cabometyx®, offset by reduced Consumer Healthcare sales in Eastern Europe.

In H1 2021, sales in other European countries comprised 19.1% of total sales (H1 2020: 19.7%).

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[3] Excludes any foreign-exchange impact by recalculating the performance for the relevant period by applying the exchange rates used for the prior period.

North America
Sales of €403.0m in H1 2021 reflected growth of 4.9%[4], driven by continued growth of Somatuline®, despite an overall adverse impact from the pandemic on cancer treatment. Dysport® sales reflected a good performance in the aesthetics and therapeutics markets, after the significant impact of COVID-19 in H1 2020.

In H1 2021, sales in North America comprised 29,8% of total sales (H1 2020: 33.0%).

Rest of the World
Sales in H1 2021 reached €248.9m, an increase of 38.3%[4], driven by a China recovery that resulted in strong Decapeptyl® and Consumer Healthcare sales. This was accompanied by a solid Dysport® performance in Latin America, Australia and the Middle East, as well as a good performance from Decapeptyl® in the rest of Asia.

In H1 2021, sales in the Rest of the World comprised 18.4% of total sales (H1 2020: 14.7%).

[4] Excludes any foreign-exchange impact by recalculating the performance for the relevant period by applying the exchange rates used for the prior period.

Comparison of Core consolidated income statement for Half Year 2021 and 2020

Core financial measures are performance indicators. A reconciliation between these indicators and IFRS aggregates is presented in Appendix 4 “Bridges from IFRS consolidated net profit to Core consolidated net profit”.

(in million of euros)	2021	% of sales	2020	% of sales	% change
Sales	1,350.3	*100 %*	1,268.3	*100 %*	*6.5 %*
Other revenues	64.3	*4.8 %*	38.6	*3.0 %*	*66.3 %*
Revenue	**1,414.6**	***104.8 %***	**1,306.9**	***103.0 %***	***8.2 %***
Cost of goods sold	(250.6)	*-18.6 %*	(241.8)	*-19.1 %*	*3.6 %*
Selling expenses	(384.3)	*-28.5 %*	(375.4)	*-29.6 %*	*2.4 %*
Research and development expenses	(207.3)	*-15.4 %*	(190.6)	*-15.0 %*	*8.8 %*
General and administrative expenses	(99.1)	*-7.3 %*	(94.0)	*-7.4 %*	*5.4 %*
Other core operating income	6.6	*0.5 %*	5.3	*0.4 %*	*25.1 %*
Other core operating expenses	—	*0.0 %*	(0.2)	*0.0 %*	*-92.1 %*
Core Operating Income	**479.8**	***35.5 %***	**410.2**	***32.3 %***	***17.0 %***
Net financing costs	(11.4)	*-0.8 %*	(13.6)	*-1.1 %*	*-16.5 %*
Core other financial income and expense	(2.5)	*-0.2 %*	(11.6)	*-0.9 %*	*-78.8 %*
Core income taxes	(106.3)	*-7.9 %*	(86.6)	*-6.8 %*	*22.7 %*
Share of net profit/(loss) from equity-accounted companies	0.1	*0.0 %*	(1.3)	*-0.1 %*	*-106.0 %*
Core consolidated net profit	**359.8**	***26.6 %***	**297.0**	***23.4 %***	***21.2 %***
- Attributable to shareholders of Ipsen S.A.	360.5	*26.7 %*	296.2	*23.4 %*	*21.7 %*
- Attributable to non-controlling interests	(0.7)	*-0.1 %*	0.8	*0.1 %*	*N.A.*
Core EPS[5] fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**4.31**		**3.55**		***21.3 %***

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

(in million of euros)	2021	2020
Core consolidated net profit	**359.8**	**297.0**
Amortization of intangible assets (excluding software)	(30.7)	(32.0)
Other operating income and expenses	(16.8)	(14.2)
Restructuring costs	(3.0)	(10.8)
Impairment losses	—	(58.9)
Other	(6.0)	41.7
IFRS consolidated net profit	**303.3**	**222.7**
IFRS EPS[5] fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**3.64**	**2.66**

[5] Earnings per share

Total sales
Total sales grew in H1 2021 by 11.0% at CER[6], or 6.5% as reported, to €1,350.3m.

Other revenue
Other revenue totaled €64.3m, an increase of 66.3%, reflecting the growth in royalties paid by partners, mainly by Galderma in respect of Dysport®.

Cost of goods sold
Cost of goods sold of €250.6m represented 18.6% of total sales (H1 2020: €241.8m, 19.1%), reflecting growth of 3.6%. The favorable mix impact of Specialty Care growth continued to drive a decline in the cost of goods sold as a percentage of total sales, despite an increase of royalties paid to partners, notably for Cabometyx®.

Selling expenses
Selling expenses increased by 2.4% to €384.3m, driven by the commercial efforts deployed to support Specialty Care growth, the recovery of activities postponed or cancelled mainly due to COVID-19 as well as the impact of the Company's efficiency program. Selling expenses represented 28.5% of total sales, a decline of one percentage point.

Research and development expenses
Research and development expenses totaled €207.3m, representing growth of 8.8%. Investment in lifecycle management continued, including in Oncology for Onivyde® and Cabometyx® and in Neuroscience for Dysport®. Potential new medicines also benefited from investment, such as palovarotene in Rare Disease and next-generation neurotoxins in Neuroscience.

General and administrative expenses
General and administrative expenses increased by 5.4% to €99.1m, mainly driven by the reinforcement of the global IT strategy; the ratio to total sales was broadly stable at 7.3%.

Other core operating income and expenses
Other core operating income and expenses amounted to an income of €6.6m (H1 2020 income of €5.1m), primarily reflecting the impact of Ipsen's currency-hedging policy.

Core operating income
Core operating income amounted to €479.8m, representing growth of 17.0% and comprised 35.5% of total sales (H1 2020: 32.3%).

Core net financing costs and other financial income and expense
Net financial costs declined by 16.5% to €11.4m. Other core financial expenses of €2.5m reflected a fall of 78.8%, mainly driven by favorable foreign-exchange differences and lower hedging costs.
Core income taxes
Core income tax expense of €106.3m, an increase of 22.7%, reflected a core effective tax rate of 22.8% (H1 2020: 22.5%).

Core consolidated net profit
Core consolidated net profit increased by 21.2% to €359.8m, with €360.5m fully attributable to Ipsen SA shareholders.

Core EPS[7]
Core EPS[7] (fully diluted) came to €4.31, representing growth of 21.3%.

[6] Excludes any foreign-exchange impact by recalculating the performance for the relevant period by applying the exchange rates used for the prior period.
[7] Earnings per share

From Core financial measures to IFRS reported figures

Reconciliations between IFRS June 2020 / June 2021 results and the Core financial measures are presented in Appendix 4.

The main reconciling items between Core consolidated net income and IFRS consolidated net income were:

Amortization of intangible assets (excluding software)

Amortization of intangible assets (excluding software) amounted to €41.0 million before tax (H1 2020: €43.9 million).

Other operating income and expenses

Other non-core operating income and expenses totaled an expense of €22.7 million before tax, primarily reflecting Ipsen's transformation programs including the discontinuation of deprioritized research programs in line with the Group strategy (H1 2020: expense of €19.2 million).

Restructuring costs

Restructuring expenses amounted to €4.0 million. In H1 2020, restructuring costs before tax came to €15.4 million, mainly impacted by the Consumer Healthcare transformation projects and by the relocation of the Onivyde® manufacturing site from Cambridge, Massachusetts, U.S. to Signes, France.

Impairment losses

No impairment loss or gain was recognized in the half. In H1 2020, Ipsen recognized an impairment loss of €81.7 million before tax mainly on the intangible assets of palovarotene following the decision to terminate the MO-PED trial related to the multiple osteochondromas (MO) indication.

Others

Other financial income and expenses included a financial income of €2,6 million before tax, mainly due to the change in fair value in equity investments. In H1 2020, other financial income and expenses included a financial income of €45.0 million before tax related to the Contingent Value Right ("CVR") and milestones revaluation for Clementia.

As a consequence, IFRS reported indicators are:

Operating income

Operating income totaled €412.2 million (H1 2020: €249.8 million) with an Operating margin of 30.5%, up by 11 percentage points.

Consolidated net profit

Consolidated net profit was €303.3 million and represented an increase of 36.2%.

Earnings per share

Fully diluted EPS[8] increased by 36.5% to €3.64.

[8] Earnings per share

Operating segments: Core Operating Income by therapeutic area

Segment information is presented according to the Group's two operating segments, Specialty Care and Consumer Healthcare. All costs allocated to these two segments are presented in the key performance indicators. Corporate overhead costs and the impact of the currency hedging policy are not allocated to the two operating segments.

Core Operating Income is the indicator used by the Group to measure operating performance and to allocate resources. Sales, Revenue and Core Operating Income are presented by therapeutic area for the H1 2021 and H1 2020 in the following table:

(in million of euros)	2021	2020	Change	%
Specialty Care				
Sales	1,244.5	1,167.1	77.3	*6.6%*
Revenue	1,296.3	1,194.6	101.7	*8.5%*
Core Operating Income	570.5	503.5	67.0	*13.3%*
% of sales	*45.8%*	*43.1%*		
Consumer Healthcare				
Sales	105.9	101.2	4.7	*4.7%*
Revenue	118.3	112.3	5.9	*5.3%*
Core Operating Income	15.6	5.6	10.0	*179.9%*
% of sales	*14.7%*	*5.5%*		
Total Unallocated				
Core Operating Income	(106.2)	(98.9)	(7.3)	*7.4%*
Group total				
Sales	1,350.3	1,268.3	82.0	*6.5%*
Revenue	1,414.6	1,306.9	107.7	*8.2%*
Core Operating Income	479.8	410.2	69.7	*17.0%*
% of sales	*35.5%*	*32.3%*		

In H1 2021, Specialty Care sales grew to €1,244.5m, up by 6.6% (11.2% at CER[9]), reaching 92.2% of total sales (H1 2020: 92.0%). Core operating income for Specialty Care increased by 13.3% to €570.5m, representing 45.8% of total sales (H1 2020: 43.1%). The improvement reflected the continued growth of Somatuline® in the U.S. and Europe, Dysport® and Decapeptyl® from COVID-19 recovery, the contribution of Cabometyx®, as well as an increase in research & development investment and in selling expenses.

Consumer Healthcare sales in the first half increased by 4.7% (8.6% at CER[9]) to €105.9m. Core operating income for Consumer Healthcare amounted to €15.6m, representing 14.7% of total sales (H1 2020: 5.5%), reflecting higher sales that were partly driven by the COVID-19 recovery in China, higher other revenue, coupled with a decline in commercial investments.

Unallocated core operating income in the first half amounted to a negative €106.2m (H1 2020: negative €98.9m), partly a result of the reinforcement of the global IT strategy, somewhat offset by the favorable impact in H1 2021 from the currency-hedging policy.

[9] Excludes any foreign-exchange impact by recalculating the performance for the relevant period by applying the exchange rates used for the prior period.

Net cash flow and financing

Ipsen had a net debt decline of €188.7 million in the half, bringing closing net debt to €336.5 million.

(in million of euros)	2021	2020
Opening net cash / (debt)	**(525.3)**	**(1,115.6)**
Core Operating Income	**479.8**	**410.2**
Non-cash items	74.3	69.4
Change in operating working capital requirement	(67.5)	(16.8)
(Increase) decrease in other working capital requirement	(28.7)	(37.8)
Net capex (excluding milestones paid)	(58.2)	(56.3)
Dividends received from entities accounted for using the equity method	—	—
Operating Cash Flow	**399.7**	**368.7**
Other non-core operating income and expenses and restructuring costs	(27.9)	(15.5)
Financial income	(13.5)	(24.8)
Current income tax	(67.9)	(99.4)
Other operating cash flow	0.9	4.3
Free Cash Flow	**291.4**	**233.3**
Distributions paid	(83.1)	(83.5)
Net investments (business development and milestones)	7.8	(4.4)
Share buy-back	(5.8)	(6.1)
FX on net indebtedness and change in earn-out	(22.4)	49.5
Other	0.8	3.5
Shareholders return and external growth operations	**(102.6)**	**(41.0)**
CHANGE IN NET CASH / (DEBT)	**188.7**	**192.3**
Closing net cash / (debt)	**(336.5)**	**(923.3)**

Operating Cash Flow

Operating Cash Flow increased by 8.4% to €399.7 million,, driven by higher Core Operating Income (up €69.7 million), and higher working capital requirements.

Non-cash items increased by 7.1% to €74.3 million (H1 2020: €69.4 million), and mainly included the amortization of tangible assets and provisions.

Working capital requirement for operating activities amounted to €67.5 million (H1 2020: €16.8 million) mainly from higher trade receivables.

Other working capital requirement increased by €28.7 million, mainly driven by variable compensation payments to employees in the half.

Net capital expenditures amounted to €58.2 million (H1 2020: €56.3 million) and mainly included projects to increase efficiency at industrial sites in the U.K. and France along with company investments in IT and digital projects.

Free Cash Flow

Free Cash Flow of €291.4 million (H1 2020: €233,3 million) was mainly a result of higher Operating Cash Flow combined with lower current income tax.

Shareholders' return and external growth operations

In the half, the distribution payout to Ipsen S.A. shareholders amounted to €82.9 million.

Net investments of €7.8 million mainly related to Onivyde's commercial milestones received for €20.8 million and to the proceeds from the divestiture in equity-accounted companies for €21.4 million, partly offset by additional milestones payments of €33.9 million to Exelixis.

Foreign Exchange on net indebtedness and change in earn-out adversely impacted net debt mainly due to a higher US dollar versus Euro on indebtedness, compared to a favorable impact of €49.5 million on net debt in the first half of 2020 included the aforementioned CVR and milestones revaluation in respect of Clementia.

Reconciliation of cash and cash equivalents and net cash

(in million of euros)	2021	2020
Current financial assets (derivative instruments on financial operations)	**0.2**	**0.7**
Closing cash and cash equivalents	**726.1**	**420.8**
Non-current loans	(550.2)	(565.6)
Other financial liabilities (excluding derivative instruments) (**)	(221.1)	(227.0)
Non-current financial liabilities	**(771.3)**	**(792.6)**
Credit lines and bank loans	(150.3)	(267.9)
Financial liabilities (excluding derivative instruments) (**)	(141.2)	(284.3)
Current financial liabilities	**(291.5)**	**(552.2)**
Debt	**(1,062.8)**	**(1,344.8)**
Net cash / (debt) (*)	**(336.5)**	**(923.3)**

(*) Net cash / (debt): derivative instruments booked in financial assets and related to financial operations, cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments on commercial operations.
(**) Financial liabilities mainly exclude €4.5 million in derivative instruments related to commercial operations at the end of June 2021, compared with €5.3 million one year earlier.

Analysis of Group cash

On 16 June 2016, Ipsen S.A. issued €300 million in unsecured, seven-year public bonds.

On 24 May 2019, Ipsen S.A. signed an initially five-year Revolving Credit Facility ("RCF") of €1,500 million, which has been extended in 2020 to May 2025, and in 2021 to May 2026.

On 23 July 2019, Ipsen S.A. issued also $300 million through U.S. Private Placement ("USPP") in two tranches of 7 and 10-year maturities.

The Group must comply with a Net Debt / EBITDA covenant to remain below 3.5 times at each financial closing in both RCF and the USPP. The RCF also includes specific indicators linked to Corporate Social Responsibility ("CSR") to be assessed annually.

Ipsen was fully complying with its covenant ratio for the RCF and the USPP.

On 30 June 2021, the RCF was drawn for €150.3 million and Ipsen S.A. issuance program of NEU CP - Negotiable EUropean Commercial Paper of €600 million was drawn for €100.0 million.

Appendices

Appendix 1 – Consolidated income statement

(in million of euros)	2021	2020
Sales	**1,350.3**	**1,268.3**
Other revenues	64.3	38.6
Revenue	**1,414.6**	**1,306.9**
Cost of goods sold	(250.6)	(241.8)
Selling expenses	(384.3)	(375.4)
Research and development expenses	(207.3)	(190.6)
General and administrative expenses	(99.1)	(94.0)
Other operating income	25.8	8.2
Other operating expenses	(82.9)	(66.2)
Restructuring costs	(4.0)	(15.4)
Impairment losses	—	(81.7)
Operating Income	**412.2**	**249.8**
Investment income	*0.6*	*1.1*
Financing costs	*(12.0)*	*(14.7)*
Net financing costs	(11.4)	(13.6)
Other financial income and expense	0.1	33.9
Income taxes	(99.0)	(47.5)
Share of net profit/(loss) from equity-accounted companies	0.1	(1.3)
Net profit (loss) from continuing operations	**302.1**	**221.3**
Net profit (loss) from discontinued operations	1.2	1.4
Consolidated net profit (loss)	**303.3**	**222.7**
- Attributable to shareholders of Ipsen S.A.	304.0	221.9
- Attributable to non-controlling interests	(0.7)	0.8
Basic earnings per share, continuing operations (in euro)	3.66	2.65
Diluted earnings per share, continuing operations (in euro)	3.62	2.65
Basic earnings per share, discontinued operations (in euro)	0.01	0.02
Diluted earnings per share, discontinued operations (in euro)	0.01	0.02
Basic earnings per share (in euro)	3.67	2.67
Diluted earnings per share (in euro)	3.64	2.66

Appendix 2 – Consolidated balance sheet before allocation of net profit

(in million of euros)	30 June 2021	31 December 2020
ASSETS		
Goodwill	604.4	592.8
Other intangible assets	1,142.4	1,121.1
Property, plant & equipment	645.7	646.6
Equity investments	90.3	84.5
Investments in equity-accounted companies	13.8	19.1
Non-current financial assets	24.7	23.1
Deferred tax assets	231.0	247.4
Other non-current assets	4.9	3.8
Total non-current assets	**2,757.3**	**2,738.4**
Inventories	232.7	213.9
Trade receivables	554.6	476.2
Current tax assets	91.7	83.6
Current financial assets	2.1	48.9
Other current assets	142.1	113.7
Cash and cash equivalents	737.5	642.5
Assets of disposal group classified as held for sale	3.6	—
Total current assets	**1,764.2**	**1,578.8**
TOTAL ASSETS	**4,521.5**	**4,317.2**
EQUITY AND LIABILITIES		
Share capital	83.8	83.8
Additional paid-in capital and consolidated reserves	2,013.4	1,546.8
Net profit (loss) for the period	304.0	548.0
Foreign exchange differences	(14.6)	(59.6)
Equity attributable to Ipsen S.A. shareholders	**2,386.6**	**2,119.1**
Equity attributable to non-controlling interests	1.7	2.7
Total shareholders' equity	**2,388.3**	**2,121.7**
Retirement benefit obligation	56.9	63.7
Non-current provisions	49.3	32.0
Other non-current financial liabilities	771.2	761.6
Deferred tax liabilities	92.1	79.9
Other non-current liabilities	46.6	45.1
Total non-current liabilities	**1,016.1**	**982.3**
Current provisions	42.7	45.7
Current financial liabilities	297.0	408.6
Trade payables	518.6	495.2
Current tax liabilities	5.6	10.8
Other current liabilities	241.7	250.0
Bank overdrafts	11.5	2.8
Liabilities related to assets held for sale	—	—
Total current liabilities	**1,117.0**	**1,213.1**
TOTAL EQUITY & LIABILITIES	**4,521.5**	**4,317.2**

Appendix 3 – Cash flow statements

- **Appendix 3.1 - Consolidated statement of cash flow**

(in million of euros)	30 June 2021	30 June 2020
Consolidated net profit	**303.3**	**222.7**
Share of profit (loss) from equity-accounted companies	(0.1)	4.3
Net profit (loss) before share from equity-accounted companies	**303.2**	**227.0**
Non-cash and non-operating items:		
- Depreciation, amortization, provisions	110.3	116.5
- Impairment losses included in operating income and net financial income	—	81.5
- Change in fair value of financial derivatives	2.3	3.9
- Net gains or losses on disposals of non-current assets	1.5	2.6
- Unrealized foreign exchange differences	(4.7)	4.0
- Change in deferred taxes	31.1	(51.9)
- Share-based payment expense	18.8	10.6
- Other non-cash items	(7.6)	(39.8)
Cash flow from operating activities before changes in working capital requirement	**454.9**	**354.3**
- (Increase)/decrease in inventories	(15.9)	(10.2)
- (Increase)/decrease in trade receivables	(68.4)	21.1
- Increase/(decrease) in trade payables	16.7	(27.8)
- Net change in income tax liability	(8.1)	(2.1)
- Net change in other operating assets and liabilities	(22.1)	(41.9)
Change in working capital requirement related to operating activities	**(97.7)**	**(60.7)**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**357.2**	**293.6**
Acquisition of property, plant & equipment	(34.1)	(33.3)
Acquisition of intangible assets	(44.5)	(18.3)
Proceeds from disposal of intangible assets and property, plant & equipment	0.1	—
Acquisition of shares in non-consolidated companies	(7.8)	(3.2)
Payments to post-employment benefit plans	(0.7)	(2.3)
Impact of changes in the consolidation scope	21.4	—
Change in working capital related to investment activities	(14.5)	(7.7)
Other cash flow related to investment activities	2.6	(1.5)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(77.6)**	**(66.3)**
Additional long-term borrowings	12.2	5.7
Repayment of long-term borrowings	(0.7)	(0.7)
Net change in short-term borrowings	(114.5)	(55.7)
Capital increase	—	—
Treasury shares	(5.8)	(6.0)
Distributions paid by Ipsen S.A.	(82.9)	(83.2)
Dividends paid by subsidiaries to non-controlling interests	(0.2)	(0.3)
Change in working capital related to financing activities	(2.8)	(4.9)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**(194.6)**	**(145.2)**
CHANGE IN CASH AND CASH EQUIVALENTS	**85.0**	**82.1**
OPENING CASH AND CASH EQUIVALENTS	**639.6**	**339.0**
Impact of exchange rate fluctuations	1.4	(0.3)
CLOSING CASH AND CASH EQUIVALENTS	**726.1**	**420.8**

- **Appendix 3.2 - Consolidated net cash flow statement**

(in million of euros)	2021	2020
Opening net cash / (debt)	**(525.3)**	**(1,115.6)**
CORE OPERATING INCOME	**479.8**	**410.2**
Non-cash items	**74.3**	**69.4**
(Increase) /decrease in inventories	(15.9)	(10.2)
(Increase) / decrease in trade receivables	(68.4)	21.1
Increase / (decrease) in trade payables	16.7	(27.8)
Change in operating working capital requirement	**(67.5)**	**(16.8)**
Change in income tax liability	(8.2)	(2.1)
Change in other operating assets and liabilities (excluding milestones received)	(20.5)	(35.7)
Other changes in working capital requirement	**(28.7)**	**(37.8)**
Acquisition of property, plant & equipment	(34.1)	(33.3)
Acquisition of intangible assets (excluding milestones paid)	(10.1)	(8.2)
Disposal of fixed assets	0.1	—
Change in working capital related to investment activities	(14.1)	(14.8)
Net capex (excluding milestones paid)	**(58.2)**	**(56.3)**
Dividends received from entities accounted for using the equity method	**—**	**—**
Operating Cash Flow	**399.7**	**368.7**
Other non-core operating income and expenses and restructuring costs	(27.9)	(15.5)
Financial income	(13.5)	(24.8)
Current income tax	(67.9)	(99.4)
Other operating cash flow	0.9	4.3
Free Cash Flow	**291.4**	**233.3**
Distributions paid (including payout to non-controlling interests)	**(83.1)**	**(83.5)**
Acquisition of shares in non-consolidated companies[10]	(7.8)	(3.4)
Acquisition of other financial assets	—	—
Impact of changes in consolidation scope	21.4	—
Milestones paid[11]	(34.9)	(2.8)
Milestones received	25.0	1.8
Other Business Development operations	4.0	—
Net investments (Business Development and milestones)	**7.8**	**(4.4)**
Share buy-back	(5.8)	(6.1)
FX on net indebtedness and change in earn out	(22.4)	49.5
Other	0.8	3.5
Shareholders return and external growth operations	**(102.6)**	**(41.0)**
CHANGE IN NET CASH / (DEBT)	**188.7**	**192.3**
Closing net cash / (debt)	**(336.5)**	**(923.3)**

[10] Acquisition of shares in non-consolidated companies mainly reflected investments in external innovation funds.
[11] The milestones paid were recorded as an increase in intangible assets on the consolidated balance sheet. The transactions were included in the “Acquisition of intangible assets” line item in the consolidated statement of cash flow (see Appendix 3.1).

Appendix 4 – Bridges from IFRS consolidated net profit to Core consolidated net profit

	IFRS						CORE
(in million of euros)	**2021**	**Amortization of intangible assets (excl software)**	**Other operating income or expenses**	**Restructuring**	**Impairment losses**	**Other**	**2021**
Sales	1,350.3	—	—	—	—	—	1,350.3
Other revenues	64.3	—	—	—	—	—	64.3
Revenue	**1,414.6**	**—**	**—**	**—**	**—**	**—**	**1,414.6**
Cost of goods sold	(250.6)	—	—	—	—	—	(250.6)
Selling expenses	(384.3)	—	—	—	—	—	(384.3)
Research and development expenses	(207.3)	—	—	—	—	—	(207.3)
General and administrative expenses	(99.1)	—	—	—	—	—	(99.1)
Other operating income	25.8	—	(19.2)	—	—	—	6.6
Other operating expenses	(82.9)	41.0	41.9	—	—	—	—
Restructuring costs	(4.0)	—	—	4.0	—	—	—
Impairment losses	—	—	—	—	—	—	—
Operating Income	**412.2**	**41.0**	**22.7**	**4.0**	**—**	**—**	**479.8**
Net financing costs	(11.4)	—	—	—	—	—	(11.4)
Other financial income and expense	0.1	—	—	—	—	(2.6)	(2.5)
Income taxes	(99.0)	(10.3)	(5.9)	(0.9)	—	9.8	(106.3)
Share of profit (loss) from equity-accounted companies	0.1	—	—	—	—	—	0.1
Net profit (loss) from continuing operations	**302.1**	**30.7**	**16.8**	**3.0**	**—**	**7.2**	**359.8**
Net profit (loss) from discontinued operations	1.2	—	—	—	—	(1.2)	—
Consolidated net profit	**303.3**	**30.7**	**16.8**	**3.0**	**—**	**6.0**	**359.8**
– Attributable to shareholders of Ipsen S.A.	304.0	30.7	16.8	3.0	—	6.0	360.5
– Attributable to non-controlling interests	(0.7)	—	—	—	—	—	(0.7)
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	3.64	0.37	0.20	0.04	0.00	0.07	4.31

The reconciliation items between Core consolidated net profit and IFRS consolidated net profit are described in the paragraph “From Core financial measures to IFRS reported figures”.

(in million of euros)	IFRS 2020	Amortization of intangible assets (excl software)	Other operating income or expenses	Restructuring	Impairment losses	Other	CORE 2020
Sales	1,268.3						1,268.3
Other revenues	38.6						38.6
Revenue	**1,306.9**	**—**	**—**	**—**	**—**	**—**	**1,306.9**
Cost of goods sold	(241.8)						(241.8)
Selling expenses	(375.4)						(375.4)
Research and development expenses	(190.6)						(190.6)
General and administrative expenses	(94.0)						(94.0)
Other operating income	8.2		(2.9)				5.3
Other operating expenses	(66.2)	43.9	22.2				(0.2)
Restructuring costs	(15.4)			15.4			—
Impairment losses	(81.7)				81.7		—
Operating Income	**249.8**	**43.9**	**19.2**	**15.4**	**81.7**	**—**	**410.2**
Net financing costs	(13.6)						(13.6)
Other financial income and expense	33.9					(45.5)	(11.6)
Income taxes	(47.5)	(11.9)	(5.0)	(4.6)	(22.8)	5.2	(86.6)
Share of profit (loss) from equity-accounted companies	(1.3)						(1.3)
Net profit (loss) from continuing operations	**221.3**	**32.0**	**14.2**	**10.8**	**58.9**	**(40.3)**	**297.0**
Net profit (loss) from discontinued operations	1.4					(1.4)	—
Consolidated net profit	**222.7**	**32.0**	**14.2**	**10.8**	**58.9**	**(41.7)**	**297.0**
– Attributable to shareholders of Ipsen S.A.	221.9	32.0	14.2	10.8	58.9	(41.7)	296.2
– Attributable to non-controlling interests	0.8						0.8
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	2.66	0.38	0.17	0.13	0.71	(0.50)	3.55

3. INFORMATION ON RELATED PARTIES

The Group has not concluded any new significant transactions with related parties during the period.

4. RISKS FACTORS

The Group operates in an environment which is undergoing rapid change and exposes its operations to a number of risks, some of which are outside its control. The current environment factors in the risks caused by the Covid-19 pandemic. For further information on the risks and uncertainties the Group must face, the reader is advised to refer to the Group's 2020 Registration Document available on its website (www.ipsen.com).

Business Risks

Market competition and dependence on products

The Group operates in well-stablished, rapidly-evolving, and very competitive markets, in particular, Oncology:

- the Group's competitors include major international pharmaceutical groups whose size, experience, and capital resources exceed those of the Group;
- the Group may have to face competition from generic products. In the United States, Somatuline is no longer protected since March 2020 under the Autogel formulation patent and is protected until December 2021 for the NET indication based on orphan drug status;
- the Group may adapt quickly to new technologies, scientific changes, digital and advanced analytics introduced by competitors.

Since a few products make up the majority of Group sales, with Somatuline, Decapeptyl, Dysport, Cabometyx and Onyvide representing two thirds of sales in 2020, the competitive threat to Ipsen's business model and performance is accrued.

Risks of failure in Research and Development

In order to build an innovative and sustainable pipeline the Group invests substantial amounts in Research and Development. In 2020, the Group spent €405.6 million on Research and Development, representing around 15.7% of consolidated sales.The Group is also investing in intangible assets and companies related to its Research and Development activities.
Ipsen will be unable to recover these investments if the Group's clinical trials are not as successful as anticipated or if such products do not receive regulatory approval. The Research and Development process is long and there is a substantial risk that drugs may not be approved.

Risk of cyberattacks

The Group's activities are largely dependent on information systems. Despite all the measures in place to secure its processes, the Group may have to deal with incidents, notably connected to malicious acts against such information systems, such as cyberattacks that could lead to activity disruptions, fraud, the loss or alteration of critical data, or theft or corruption of data.

Inability to adapt to post-COVID-19 context

Ipsen is facing new risks linked to the COVID-19 pandemic observed by the authorities in 2020.
The Group is taking all necessary measures to guarantee business continuity while ensuring the safety of its employees. At the time of publication of this document, Ipsen is still following home office policies at the vast majority of its sites around the world. R&D and production sites have adapted and implemented their business continuity plans. The Group is rigorously monitoring emergency stocks, goods and services from our suppliers and our own production capabilities. Thanks to these measures and to a resilient product portfolio, the Group does not currently foresee a risk of product shortages.
However, Ipsen is facing a risk of failure to adapt to post-COVID-19 context:

- changes are induced by the pandemic (e.g. reduced access to hospitals, increasing importance of digital channels);
- new risks linked to the economic impact of the pandemic (e.g. bankruptcies…) have emerged.

Dedicated teams have been mobilized to adapt the Group to these evolutions.

Failure of third parties

Ipsen depends on third parties:

- to optimize the Research and Development portfolio: the Group enters into collaborative agreements with third parties to carry out pre-clinical and clinical trials;
- to manufacture certain products: the Group subcontracts the production of certain active ingredients to third parties or purchases finished products directly from its partners or their subcontractors;
- to develop and market certain products: third parties could behave in ways that are damaging to the Group's business;
- related to intellectual property: (1) the Group's intellectual property: third parties collaborating with Ipsen may claim the benefits from intellectual property rights for the Group's inventions or may not ensure that the Group's unpatented technology remains confidential; third party intellectual property: the Group is dependent on intellectual property rights held by third parties in order to manufacture and market several of its products.

Risks related to drug approval, pricing and reimbursement

The Group is dependent on prices that are set for drugs and is vulnerable to the potential withdrawal of certain drugs from the list of reimbursable products by governments and the relevant regulatory authorities in the countries in which it operates. In general terms, the Group is faced with uncertainty related to the prices set for its products, since pharmaceutical prices have come under severe pressure over the last few years (recommendation to use generic drugs, lower prices or reimbursement, other restrictive measures that limit increases in the cost of medical services, parallel imports). Price pressure is particularly high in Ipsen therapeutic areas (Specialty Care).

Risks associated with international activities

The Group operates throughout the world (51.1% in the European Union, 33.1% in North America and 15.8% in the rest of the world in 2020). As such, the Group faces various risks specific to its international activities, in particular, and the following:

- risks arising from unexpected regulatory or political changes such as changes in tax regulation and regulations on trade and tariffs, such as Brexit, protectionist measures;
- risks arising from limitations on the repatriation of earnings;
- risk of financial default on the part of certain public and private operators with which the Group conducts business;
- risks arising from the validity of various intellectual property rights being deferred;
- risks arising from various labor regulations;
- risks arising from political or economic changes affecting a given region or country;
- risks arising from increased difficulties in recruiting staff and managing operating entities abroad;
- risks arising from the absence of an international agreement on regulatory standards;
- risk incurred by employees when travelling for their missions;

risks arising from the occurrence of natural disasters, epidemics or even pandemics, in the areas at risk in which the Group and/or its major partners do business.

Risks related to acquisition and integration activities

To continue to build a sustainable pipeline of innovative assets, the Group has been transforming the R&D model by accelerating focused internal projects, de-prioritizing select internal programs and externally sourcing assets. In this respect, the Group has been investing in business development through innovative deal structures in its three key therapeutic areas. Despite dedicated processes in place, acquisitions could fail or underperform in case of inappropriate due diligence or unsuccessful integration.

Business Ethics risks

Despite its continued commitment to upholding the highest ethical standards, Ipsen could face various Business Ethics risks, such as:

- risk of off-label promotion: the Group's employees or third parties involved in the promotion of Ipsen products could fail to observe the ethical principles laid down by the Group, and promote products off-label;
- risk of improper influence / conflict of interests: Ipsen employees or third parties involved in Ipsen activities could put themselves in a situation where there is an actual, apparent or perceived conflict of interest between their role within Ipsen and their own financial or personal situation, which could influence their ability to act in the best interest of Ipsen. These conflicts of interest could involve external stakeholders such as HCPs, HCOs, payers, members of regulatory bodies or government officials;
- risk of corruption: Ipsen employees or third parties involved in Ipsen activities could promise, offer, give, receive or solicit any kind of value or advantage to another person to distort someone's conduct or to obtain an undue favor or advantage; as a matter of fact, Ipsen operates in risky countries with history for corruption and white-collar crime;
- risk of non-compliance with pharmaceutical regulations / code: there is a risk for Ipsen employees or third parties involved in Ipsen activities to be non-compliant with requirements of international and country regulations and Pharma Codes (e.g. IFPMA, EFPIA, PhRma, country codes, U.S. price reporting) in interactions with HCPs, HCO and other stakeholders, in all promotional and non-promotional interactions (e.g. meetings, congresses, fee for services, etc.).

Industrial and Environmental Risks

Supply shortages and other disruptions risks

Despite a strong end-to-end supply chain organization, the marketing of certain products by the Group has been and could be affected by supply shortages and other disruptions. Such difficulties may be of both a regulatory nature (e.g. the need to correct certain technical problems in order to bring production sites into compliance with applicable regulations) and a technical nature (e.g. difficulties obtaining supplies of satisfactory quality, difficulties manufacturing active ingredients, or drugs complying with their technical specifications on a sufficiently reliable and uniform basis at the required volume). Supply shortages and other disruption risks may impact patients and may result in a significant reduction in sales for one or more products.

Environment and safety risks

Environmental laws in various countries impose real and potential obligations on the Group with regards to repairing environmental damage or refurbishing contaminated sites.
Stricter laws relating to the environment, health, and safety as well as more rigorous enforcement measures than those in force currently could generate considerable liabilities and costs for the Group and make the Group's handling, production, use, reuse, or processing of substances or pollutants subject to more rigorous inspection measures than those currently observed.
The Group uses dangerous substances in performing its business, and claim related to the Group's handling, storage, use or reuse of those substances could generate considerable liabilities and costs for the Group. The Group is exposed not only to environmental risks related to environmental contamination but also to health risks (accidental contamination or occupational disease) linked to the fact that Ipsen's employees handle active or toxic substances in the course of their research or production activities. These risks also exist for third parties with which the Group works.

Financial Risks

Exchange rate risks

A significant share of sales comes from countries where the Group's reporting currency, the euro, is the functional currency. However, due to its international business, the Group is exposed to fluctuations in exchange rates that may impact its results.
Several types of risks can be distinguished:

- the transactional exchange rate risk related to business and operational activities;
- exchange rate risk associated with financing contracted in a currency different from functional currencies.

The Group's policy is to hedge against the impact of exchange rate fluctuations on its net income compared to its budget.
Exposure to currency risk is assessed by the subsidiaries before being forwarded to the Treasury Department. The Group hedges, based on the estimates, the major currencies.
To reduce its exposure to fluctuations in exchange rates, Ipsen uses derivative instruments such as forward sales or purchase contracts, currency swaps, and NDF (Non-Deliverable Forwards).

Interest rate risks

Given its current mix of level of long-term debt as of 31 December 2020, the Group has limited exposure to interest rate risks.

Liquidity and counterparty risks

The Group's policy consists of diversifying its counterparties so as to avoid excessive concentration and in dealing with first rate counterparties.
As of 31 December 2020, the Group's cash and cash equivalents amounted to €639.6 million largely invested in term accounts and term deposits.

Share price fluctuation

The Company's share price could fluctuate significantly in response to the following types of events:

- changes in the Group's or its competitors' financial performance from one period to another;
- the announcement by the Group or one of its partners of the success or failure of one of the Group's Research and Development programs conducted either on its own or in conjunction with a third party / failure of the commercial launch of a new product;
- announcements by competitors or announcements concerning the pharmaceutical industry;
- announcements regarding changes in the Group's executive team or key personnel.

Regulatory and Legal Risks

Risks related to intellectual property

The expiration of a patent may result in substantial competition due to the emergence of a generic drug.
The Group cannot be certain that:
it will be able to develop other patentable inventions;
patents for which it has applied will be granted;
any patents granted to it or that are the subject of licenses granted to it will not be challenged and judged to be invalid or unenforceable;
the protection afforded by a patent will be sufficiently broad so as to exclude competitors;
other persons or entities will not claim rights including ownership rights over patents and other intellectual property rights owned by the Group or which are the subject of licenses granted to it;
the Group's competitors will not infringe its patents or circumvent them through innovations in design.

Undesired disclosure of critical information

The Group cannot be certain that it will not be faced with undesired or uncontrolled disclosure of critical information including private data or strategic information, which might adversely affect the Company's financial position, competitive situation, or share value.
The Group has set up procedures to control the dissemination of this information to protect either the confidentiality of sensitive information, particularly to protect its intellectual property or competitive positions, or to ensure that privileged information is disseminated to investors in a manner that complies with the legislation in force.

Counterfeiting risks

As a manufacturer of medication, the Group is exposed to the risk that third parties might attempt to counterfeit its products and sell counterfeit products as if they were the Group's products. Counterfeit products are not approved by the competent regulatory authorities and could prove dangerous for the patients. To the extent that counterfeit products are sold as being those of the Group, its reputation could be affected and the patients' confidence in the Group's products could be undermined. In addition, some of the Group's products could be withdrawn from the market if counterfeit products are sold.

Product liability risks

The Group's business exposes it to product liability risk, and its insurance coverage could be insufficient to protect it against such risks should the need arise. Product liability constitutes a substantial risk for the Group and one that increase with the Group's business expanding into new markets and continuing to grow in the United States (where the costs associated with product liability claims can be particularly onerous). Although the Group is not currently involved in any substantial proceedings arising from product liability and including significant damages claims, the Group could be faced with claims related to the safety of its products, and in particular products relating to neurology (marketed under the brand names Dysport® and Azzalure®) which may cause, or appear to cause, serious side effects or potentially dangerous interactions with other drugs if misused or not properly prescribed.

Legal and administrative proceedings

In the normal course of business, the Group is or may be involved in legal or administrative proceedings. Financial claims are or may be brought against the Group in connection with some of these proceedings. In particular, the Group is aware of an investigation from competition authorities related to practices of some Linnea's employees. At this stage, the Group has limited information about the possible consequences of this investigation.

5. STATUTORY AUDITOR'S REPORT ON THE HALF-YEAR FINANCIAL INFORMATION FOR 2021

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.

Ipsen S.A.

Registered office: 65, Quai Georges Gorse - 92650 Boulogne-Billancourt

Statutory Auditors' Review Report on the Half-yearly Financial Information 2021

For the period from January 1, 2021 to June 30, 2021

To the Shareholders,

In compliance with the assignment entrusted to us by the annual general meeting 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 Ipsen S.A., for the period from January 1 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

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.

Paris La Défense, on the 28 July 2021

French original signed by

Catherine Porta

Partner

Paris La Défense, on the 28 July 2021

Frédéric Souliard

Partner

6. DECLARATION OF THE PERSON RESPONSIBLE FOR THE 2021 FINANCIAL INFORMATION

I hereby declare that, to the best of my knowledge, the condensed financial statements for the first half of the year have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation, and that the Interim Management Report gives a fair description of first-half business developments, results and financial position of the Company and all the other companies included in the scope of consolidation, as well as a description of the main risks and contingencies with which the Company may be confronted over the second half of the year.

28 July 2021

David Loew
Chief Executive Officer