

CONSOLIDATED  
FINANCIAL  
STATEMENTS  
**2022**



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## 3.2 CONSOLIDATED FINANCIAL STATEMENTS 2022

### 3.2.1 Consolidated income statement

<i>(in millions of euros)</i>	Notes	2022	2021 <sup>(1)</sup>
<b>Sales</b>	<b>5.1 &amp; 5.2</b>	<b>3,025.0</b>	<b>2,643.3</b>
Other revenues	5.3	131.5	105.4
<b>Revenue</b>		<b>3,156.4</b>	<b>2,748.6</b>
Cost of goods sold	6.1	(527.7)	(438.6)
Selling expenses		(833.4)	(728.1)
Research and development expenses	6.2	(445.3)	(424.4)
General and administrative expenses		(205.8)	(188.2)
Other operating income	6.3	32.1	52.5
Other operating expenses	6.3	(305.1)	(168.4)
Restructuring costs	6.4	(26.9)	(19.6)
Impairment losses	6.5	(114.3)	(9.1)
<b>Operating Income</b>		<b>729.9</b>	<b>824.7</b>
Net financing costs	8	(18.5)	(21.8)
Other financial income and expenses	8	(5.5)	(13.8)
Income taxes	9.1	(112.3)	(158.3)
Share of net profit/(loss) from equity-accounted companies	14	(1.5)	0.4
<b>Net profit/(loss) from continuing operations</b>		<b>592.1</b>	<b>631.2</b>
Net profit/(loss) from discontinued operations	3.2	55.4	15.5
<b>Consolidated net profit</b>		<b>647.5</b>	<b>646.7</b>
- Attributable to shareholders of Ipsen S.A.		648.6	646.6
- Attributable to non-controlling interests		(1.1)	0.1
Basic earnings per share, continuing operations (in euros)	18.2	7.20	7.64
Diluted earnings per share, continuing operations (in euros)	18.2	7.14	7.57
Basic earnings per share, discontinued operations (in euros)	18.2	0.67	0.19
Diluted earnings per share, discontinued operations (in euros)	18.2	0.66	0.18
Basic earnings per share (in euros)	18.2	7.87	7.82
Diluted earnings per share (in euros)	18.2	7.81	7.76

(1) The data published for 2021 has been restated to account for the impacts related to the sale of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

**Comprehensive income statement**

<i>(in millions of euros)</i>	2022	2021 <sup>(1)</sup>
<i>Profit from continuing operations</i>	592.1	631.2
<i>Profit from discontinued operations</i>	55.4	15.5
<b>Consolidated net profit</b>	<b>647.5</b>	<b>646.7</b>
Actuarial gains/(losses), net of taxes	11.8	5.5
Financial assets at fair value through other items of comprehensive income (OCI), net of taxes	1.3	(15.8)
<b>Other items of comprehensive income that will not be reclassified to the income statement</b>	<b>13.1</b>	<b>(10.2)</b>
Revaluation of financial derivatives for hedging, net of taxes	2.8	(23.1)
Foreign exchange differences, net of taxes	33.8	98.8
<b>Other items of comprehensive income likely to be reclassified to the income statement</b>	<b>36.6</b>	<b>75.8</b>
<i>Other items of comprehensive income from continuing operations</i>	43.1	59.8
<i>Other items of comprehensive income from discontinued operations</i>	6.6	5.7
<b>Comprehensive income: consolidated net profit (loss) and gains and (losses) recognized directly in equity <sup>(2)</sup></b>	<b>49.7</b>	<b>65.5</b>
<i>Comprehensive income from continuing operations</i>	635.2	691.0
<i>Comprehensive income from discontinued operations</i>	61.9	21.2
<b>Group Consolidated Comprehensive income</b>	<b>697.1</b>	<b>712.2</b>
- Attributable to shareholders of Ipsen S.A.	698.0	711.9
- Attributable to non-controlling interests	(0.8)	0.3

(1) The data published for 2021 has been restated to account for the impacts related to the disposal of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

(2) Impacts from taxes on other items of comprehensive income amounted to -€9.8 million for 2022 and €2.6 million for 2021.

## 3.2.2 Consolidated balance sheet before allocation of net profit

<i>(in millions of euros)</i>	Notes	31 December 2022	31 December 2021 <sup>(1)(2)</sup>
<b>ASSETS</b>			
Goodwill	10	579.9	623.2
Other intangible assets	11	1,585.4	1,370.0
Property, plant & equipment	12	581.4	647.5
Equity investments	13	109.8	106.9
Investments in equity-accounted companies	14	26.4	26.2
Non-current financial assets	20.1	0.1	0.1
Deferred tax assets	9.2	321.1	258.7
Other non-current assets	15	6.1	4.3
<b>Total non-current assets</b>		<b>3,210.3</b>	<b>3,036.7</b>
Inventories	16.1	284.1	219.4
Trade receivables	16.2	632.5	564.3
Current tax assets	9	41.2	122.8
Current financial assets	20.1	31.0	11.7
Other current assets	16.4	239.5	221.0
Cash and cash equivalents	17	1,169.3	814.7
<b>Total current assets</b>		<b>2,397.6</b>	<b>1,953.8</b>
<b>TOTAL ASSETS</b>		<b>5,607.9</b>	<b>4,990.5</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	18.1	83.8	83.8
Additional paid-in capital and consolidated reserves		2,547.4	1,967.7
Net profit/(loss) for the period		648.6	646.6
Foreign exchange differences		57.4	37.2
<b>Equity attributable to Ipsen S.A. shareholders</b>		<b>3,337.3</b>	<b>2,735.2</b>
Equity attributable to non-controlling interests		(0.6)	2.5
<b>Total shareholders' equity</b>		<b>3,336.7</b>	<b>2,737.7</b>
Retirement benefit obligation	7.3.2.2	18.7	40.7
Non-current provisions	19	68.5	64.0
Non-current financial liabilities	20.2	667.0	662.9
Deferred tax liabilities	9.2	77.9	101.8
Other non-current liabilities	15	103.7	155.1
<b>Total non-current liabilities</b>		<b>935.7</b>	<b>1,024.4</b>
Current provisions	19	55.6	41.6
Current financial liabilities	20.2	113.8	129.7
Trade payables	16.3	647.1	594.7
Current tax liabilities		11.8	10.0
Other current liabilities	16.5	503.3	446.8
Bank overdrafts	17	3.8	5.5
<b>Total current liabilities</b>		<b>1,335.4</b>	<b>1,228.4</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>5,607.9</b>	<b>4,990.5</b>

(1) The financial statements were restated to retroactively apply the IFRIC decision on Software as a Service (SaaS) as from 1 January 2021 (see note 11.1 to the consolidated financial statements for the year ended 31 December 2022).

(2) Data related to 2021 has been restated after changing the presentation of assets and liabilities associated with contingent payments (see note 2.2 of the accounting principles). Assets totaling €42.4 million linked to contingent payments have been reclassified from the "Current financial assets" line item to the "Other current assets" line item. Liabilities totaling €109.3 million linked to contingent payments have been reclassified from the "Non-current financial liabilities" line item to the "Other non-current liabilities" line item and another €45.1 million were reclassified from the "Current financial liabilities" line item to the "Other current liabilities" line item.

### 3.2.3 Consolidated statement of cash flow

<i>(in millions of euros)</i>	Notes	2022	2021 <sup>(2)</sup>
<b>Consolidated net profit</b>		<b>647.5</b>	<b>646.7</b>
Share of net profit/(loss) from equity-accounted companies	14	1.2	(0.4)
Net profit from discontinued operations	3.2	(55.4)	(15.5)
Non-cash and non-operating items:			
- Depreciation, amortization, provisions	11, 12.1, 19	336.5	246.4
- Change in fair value of financial derivatives	20 & 21	4.4	0.5
- Net gains or losses on disposals of non-current assets		(7.5)	5.3
- Unrealized foreign exchange differences		(9.5)	2.3
- Net financing costs	8	18.5	21.8
- Tax expenses	9.2	111.8	158.3
- Share-based payment expense	7.4	26.5	26.9
Other non cash items <sup>(1)</sup>	6.3 & 8	67.3	(3.6)
<b>Cash flow from operating activities before changes in working capital requirement</b>		<b>1,141.2</b>	<b>1,088.6</b>
- (Increase)/decrease in inventories	16	(19.9)	(4.4)
- (Increase)/decrease in trade receivables	16	(86.8)	(65.8)
- Increase/(decrease) in trade payables	16	29.1	80.9
- Net change in other operating assets and liabilities	16	38.5	(24.9)
<b>Change in working capital requirement related to operating activities</b>		<b>(39.1)</b>	<b>(14.2)</b>
- Taxes paid		(130.7)	(181.1)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		<b>971.4</b>	<b>893.3</b>
Acquisition of property, plant & equipment	12.1	(96.6)	(87.7)
Acquisition of intangible assets	11	(156.3)	(330.2)
Proceeds from disposal of intangible assets and property, plant & equipment		10.0	1.0
Acquisition of shares in non-consolidated companies	13	(7.8)	(28.4)
Impact of changes in the consolidation scope	3.1 & 3.2	(131.5)	17.4
Change in working capital related to investment activities	16	(89.5)	98.6
Other cash flow related to investment activities		13.2	(2.8)
<b>NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES</b>		<b>(458.6)</b>	<b>(332.0)</b>
Additional long-term borrowings	20	16.0	29.4
Repayment of long-term borrowings	20	(1.1)	(0.6)
New short-term borrowings	20	1,212.8	657.0
Repayment of short-term borrowings	20	(1,262.2)	(965.4)
Contingent payments related to acquisitions		—	0.1
Capital increase		—	—
Treasury shares		(11.3)	(36.7)
Distributions	18.3	(99.3)	(82.9)
Dividends paid by subsidiaries to non-controlling interests		(0.9)	(0.2)
Change in working capital related to financing activities		—	(1.0)
Paid financial interest		(18.2)	(21.5)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>		<b>(164.2)</b>	<b>(421.8)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS</b>		<b>348.6</b>	<b>139.5</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS</b>		<b>1.9</b>	<b>24.1</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>17</b>	<b>809.1</b>	<b>639.6</b>
Impact of exchange rate fluctuations		5.9	5.8
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>17</b>	<b>1,165.5</b>	<b>809.1</b>

(1) Other items without impact on cash and cash equivalents mainly corresponded to a change in fair value of contingent assets and liabilities related to business combinations.

(2) Data published for 2021 has been restated to account for the impact of selling the Consumer Healthcare Business (see note 3.2 of the notes to the consolidated financial statements for year ended 31 December 2022).

### 3.2.4 Statement of change in consolidated shareholders' equity

<i>(in millions of euros)</i>	Share capital	Share premiums or contributions	Consolidated reserves <sup>(2)</sup>	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
<b>Balance at 01 January 2022</b>	<b>83.8</b>	<b>122.3</b>	<b>1,989.2</b>	<b>37.2</b>	<b>(23.2)</b>	<b>2.4</b>	<b>(123.1)</b>	<b>646.6</b>	<b>2,735.2</b>	<b>2.5</b>	<b>2,737.7</b>
Consolidated net profit/(loss) for the period	—	—	—	—	—	—	—	648.6	648.6	(1.1)	647.5
Gains and (losses) recognized directly in equity <sup>(1)</sup>	—	—	1.3	33.4	11.8	2.8	—	—	49.3	0.3	49.7
<b>Consolidated net profit/(loss) and gains and losses recognized directly in equity</b>	<b>—</b>	<b>—</b>	<b>1.3</b>	<b>33.4</b>	<b>11.8</b>	<b>2.8</b>	<b>—</b>	<b>648.6</b>	<b>698.0</b>	<b>(0.8)</b>	<b>697.1</b>
Allocation of net profit (loss) from the prior period	—	—	646.4	0.2	—	—	—	(646.6)	—	—	—
Capital increases/(decreases)	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	0.7	—	—	—	26.7	—	27.3	—	27.3
Own share purchases and disposals	—	—	—	—	—	—	(10.7)	—	(10.7)	—	(10.7)
Distributions	—	—	(99.3)	—	—	—	—	—	(99.3)	(0.9)	(100.2)
Change of consolidation scope	—	—	—	(13.4)	0.2	—	—	—	(13.2)	(1.4)	(14.6)
Other changes	—	—	—	—	—	—	—	—	—	—	—
<b>Balance at 31 December 2022</b>	<b>83.8</b>	<b>122.3</b>	<b>2,538.2</b>	<b>57.4</b>	<b>(11.2)</b>	<b>5.3</b>	<b>(107.2)</b>	<b>648.6</b>	<b>3,337.3</b>	<b>(0.6)</b>	<b>3,336.7</b>

(1) Detailed items in the note "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.



<i>(in millions of euros)</i>	Share capital	Share premiums or contributions	Consolidated reserves <sup>(2)</sup>	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
<b>Balance at 31 December 2020</b>	<b>83.8</b>	<b>122.3</b>	<b>1,547.6</b>	<b>(59.6)</b>	<b>(34.4)</b>	<b>25.5</b>	<b>(102.1)</b>	<b>548.0</b>	<b>2,131.2</b>	<b>2.7</b>	<b>2,133.8</b>
Application of IFRIC's decision related to IAS19 Employee benefits	0.0	0.0	(16.3)	—	0.0	0.0	0.0	0.0	(16.3)	0.0	(16.3)
<b>Balance at 01 January 2021</b>	<b>83.8</b>	<b>122.3</b>	<b>1,531.4</b>	<b>(59.6)</b>	<b>(34.4)</b>	<b>25.5</b>	<b>(102.1)</b>	<b>548.0</b>	<b>2,114.9</b>	<b>2.7</b>	<b>2,117.6</b>
Consolidated net profit/(loss) for the period	—	—	—	—	—	—	—	646.6	646.6	0.1	646.7
Gains and (losses) recognized directly in equity <sup>(1)</sup>	—	—	(15.8)	98.6	5.5	(23.1)	—	—	65.3	0.2	65.5
<b>Consolidated net profit/(loss) and gains and losses recognized directly in equity</b>	<b>—</b>	<b>—</b>	<b>(15.8)</b>	<b>98.6</b>	<b>5.5</b>	<b>(23.1)</b>	<b>—</b>	<b>646.6</b>	<b>711.9</b>	<b>0.3</b>	<b>712.2</b>
Allocation of net profit (loss) from the prior period	—	—	549.0	(1.0)	—	—	—	(548.0)	—	—	—
Capital increases/(decreases)	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	13.0	—	—	—	21.8	—	34.8	—	34.8
Own share purchases and disposals	—	—	—	—	—	—	(42.8)	—	(42.8)	—	(42.8)
Distributions	—	—	(82.9)	—	—	—	—	—	(82.9)	(0.2)	(83.1)
Change of consolidation scope	—	—	(5.5)	—	5.8	—	—	—	0.3	(0.3)	—
Other changes	—	—	—	(0.8)	(0.1)	—	—	—	(0.9)	(0.1)	(1.0)
<b>Balance at 31 December 2021</b>	<b>83.8</b>	<b>122.3</b>	<b>1,989.2</b>	<b>37.2</b>	<b>(23.2)</b>	<b>2.4</b>	<b>(123.1)</b>	<b>646.6</b>	<b>2,735.2</b>	<b>2.5</b>	<b>2,737.7</b>

(1) Detailed in the note "Comprehensive income statement".

(2) The main sources of consolidated reserves were as follows:

- Reserves on financial assets at fair value through other comprehensive income;
- Retained earnings.

## 3.2.5 Notes

### Introduction

- Ipsen is a global biopharmaceutical group focused on innovation and Specialty Care.
- Its registered office is located at 65 Quai Georges Gorse, 92100 Boulogne-Billancourt, France.
- These notes form an integral part of Ipsen Group's consolidated financial statements (hereafter the "consolidated financial statements").
- All amounts are expressed in millions of euros unless otherwise specified.
- The consolidated financial statements are closed on 31 December every year. Individual statements included in the consolidated financial statements are prepared on the closing date of the consolidated financial statements, 31 December, and cover the same period.
- The Group's Board of Directors approved the Ipsen S.A. consolidated financial statements on 8 February 2023. They will be submitted to the Shareholders' Meeting for approval on 31 May 2023.

<b>Note 1</b>	<b>Significant events and transactions during the period that had an impact on the consolidated financial statements as of 31 December 2022</b>	<b>9</b>
<b>Note 2</b>	<b>Accounting principles and methods, and compliance statement</b>	<b>10</b>
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<b>Note 7</b>	<b>Personnel</b>	<b>20</b>
<b>Note 8</b>	<b>Net financial income/(expense)</b>	<b>25</b>
<b>Note 9</b>	<b>Income taxes</b>	<b>26</b>
<b>Note 10</b>	<b>Goodwill</b>	<b>29</b>
<b>Note 11</b>	<b>Intangible assets</b>	<b>30</b>
<b>Note 12</b>	<b>Property, plant &amp; equipment</b>	<b>33</b>
<b>Note 13</b>	<b>Equity investments</b>	<b>36</b>
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## Note 1 Significant events and transactions during the period that had an impact on the consolidated financial statements as of 31 December 2022

### Note 1.1 Sale of the Consumer Healthcare Business

On 28 July 2022, Ipsen announced that the Group finalized the sale of its Consumer Healthcare Business to Mayoly Spindler. Exclusive negotiations for the sale began in February 2022, with the two groups agreeing to an enterprise value of €350 million, including a €50 million contingent payment.

The accounting impacts and restatement of the comparative 2021 period are shown in note 3.2 to the consolidated financial statements.

The sale price of the Consumer Healthcare Business amounted to €264 million. The total capital gains from the sale before tax totaled €52 million.

### Note 1.2 Acquisition of Epizyme

On 27 June 2022, Ipsen and Epizyme finalized a merger agreement under which Ipsen acquired Epizyme, whose main drug, Tazverik (tazemetostat), a first-in-class chemotherapy-free EZH2a inhibitor, was approved by the United States Food and Drug Administration in 2020.

On 12 August 2022, Ipsen finalized the sale and purchased all outstanding shares of Epizyme at a price of US \$1.45 per share in cash at the closing of the transaction, for an initial estimated aggregate price of \$247 million, plus one contingent value right (CVR) per share that can reach \$1 per share—an additional maximum amount of €171 million.

The Group used its own funds to finance this agreement.

The purchase price amounted to €541 million. This acquisition generated a goodwill for €28 million (note 3.1).

### Note 1.3 Onivyde

#### 1.3.1 Results of Phase III NAPOLI 3 trial

On 9 November 2022, the Phase III NAPOLI 3 trial of Onivyde® in association with 5 fluorouracil/leucovorin and oxaliplatin met its primary endpoint demonstrating clinically meaningful and statistically significant improvement in overall survival compared to nab-paclitaxel plus gemcitabine in previously untreated patients with metastatic pancreatic ductal adenocarcinoma (mPDAC) (note 16.5).

Key secondary efficacy outcome of progression-free survival (PFS) also showed significant improvement over the comparator arm.

Ipsen intends to file a supplemental New Drug Application with the U.S. Food and Drug Administration for Onivyde in combination with oxaliplatin plus 5- fluorouracil/leucovorin for the treatment of patients with previously untreated mPDAC following the Fast Track Designation granted in 2020.

#### 1.3.2 Results of the Phase III RESILIENT trial

On 3 August 2022, Ipsen announced that the Phase III RESILIENT trial evaluating Onivyde® in second-line monotherapy for small cell lung cancer (SCLC) did not meet its primary endpoint of overall survival (OS) compared to topotecan.

RESILIENT is a Phase III trial conducted in two parts; the first part read out in 2020 confirming the safety, dosing and efficacy of Onivyde; part two is evaluating the efficacy of Onivyde versus topotecan.

### Note 1.4 Palovarotene

On 29 June 2022, Ipsen announced that U.S. authorities (the Food and Drug Administration – FDA) granted fast-track status to investigational drug palovarotene to treat fibrodysplasia ossificans progressiva (FOP), an extremely rare genetic disease.

On 25 October 2022, U.S. authorities (FDA) decided to postpone the scheduled Advisory Committee Meeting on Endocrine and Metabolic Diseases involving the investigational drug palovarotene. The FDA notified Ipsen that the delay was due to a new request for information from the FDA regarding palovarotene clinical trial data, and that it does not concern any safety profile for the drug.

On 23 December 2022, U.S. regulatory authorities (FDA) published a Complete Response Letter about the new drug application for palovarotene. Ipsen anticipates responding to the request in the first quarter of 2023 with an expected six-month FDA review cycle. The FDA has not announced a rescheduled date for the Endocrine and Metabolic Drugs Advisory Committee Meeting for investigational palovarotene.

On 27 January 2023, Ipsen announced that the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP) has recommended not to grant marketing authorization for investigational palovarotene as a treatment for the ultra-rare bone disease, fibrodysplasia ossificans progressiva (FOP).

### Note 1.5 Russia – Ukraine War

Russia's invasion of Ukraine and the resulting sanctions have led Ipsen to assess the potential impacts of the war on the Group's business, outlook and financial position.

The Group continued doing business in Russia and in Ukraine so patients had continued access to their medications—sales in these two countries accounted for around 4% of the Group's business in 2022.

In terms of exposure, net assets in Russia and in Ukraine total €90 million (€21 million of which was cash and cash equivalents) and €0.2 million in Ukraine.

Despite stronger controls on financial transactions, the Group has not encountered any specific difficulties receiving payment from commercial transactions.

At this time, the events and circumstances related to the Russia - Ukraine War have not led the Group to change the value of its subsidiaries' assets or liabilities in these two countries.

Ipsen continues to closely monitor the situation and potential impacts of the war to predict risks the Group could be exposed to, and to allow operations to continue under the best conditions possible.

## Note 2 Accounting principles and methods, and compliance statement

### Note 2.1 General principles and compliance statement

The main accounting methods used to prepare the consolidated financial statements are described below. Unless otherwise stated, these methods were used consistently for all financial years presented.

In compliance with European regulation No. 1606 / 2002 adopted on 19 July 2002 by the European Parliament and the European Council, the Group's consolidated financial statements for 2022 were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union as of the date the Group prepared these consolidated financial statements. The IFRS as endorsed by the European Union differ in certain aspects 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 Standing Interpretations Committee (SIC), and the International Financial Reporting Standards Interpretations Committee (IFRIC).

All 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](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-endorsement-process).

The consolidated financial statements are prepared using the historical cost principle, except for certain asset and liability classes, in accordance with IFRS. The related classes are described in the notes below.

### Note 2.2 Changes in the presentation of assets and liabilities related to contingent payments

In order to align the Group toward industry practices and make it easier to compare the Group's consolidated financial statements with its peers, assets and liabilities related to contingent payments, and particularly those recognized during business combinations (already in existence or created) and shown under financial assets and liabilities, have been reclassified to operating assets and liabilities.

Impacts from measuring fair value of these assets and liabilities related to changing assumptions (probability of occurrence, estimates, foreign currency) are now recognized in operating income rather than in financial income. Only the impact of discounting assets and liabilities are still recorded in financial income. This reclassification does not have a material impact on the presentation of the income statement for 2021.

### Note 2.3 Climate change

The Group joined the "Business Ambition for 1.5°C" initiative in 2021 and committed to reducing greenhouse gas (GHG) emissions in 2030 in particular, by:

- halving absolute GHG emissions from the Group's infrastructure and automotive fleet;
- working with partners upstream and downstream to reduce indirect GHG emissions.

Ipsen has already sped up efforts to combat climate change. More than 85% of its electricity consumption worldwide comes from renewable energy sources.

The Group is also working to improve the energy efficiency of its facilities, optimize the energy mix of its fleet and invest in innovative heat recovery technologies.

To achieve net zero emissions, Ipsen has also committed to offset any of its carbon footprint left that hasn't already been eliminated in its value chain by 2030.

The roll-out of these programs is reflected in the Group's financial statements under expenses and operating investments made during the year and have been accounted for, where applicable, in the accounting assumptions formulated by management when preparing these financial statements, especially when estimating the 2023 budget and the medium-term forecast used by the Group to make the business plan the Group used for 2022 annual impairment tests (notes 10.2 and 11.2). No other material impact related to the climate is reflected in the 2022 financial statements.

### Note 2.4 IFRIC decision on recognizing costs to configure or customize an SaaS (Software as a Service) application

Following an IFRIC decision handed down in April 2021, the Group finalized a review of SaaS application configuration and customization costs in early 2022. The impact of this decision is shown in Note 11.1.2.

**Note 2.5 Standards, amendments and interpretations that took effect on 1 January 2022**

The mandatory standards, amendments and interpretations published by the IASB and applicable as of the 2022 financial year are listed below:

- Amendments to IAS 16 – *Property, Plant and Equipment – Proceeds before Intended Use*;
- Amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets – Cost of Fulfilling an Onerous Contract*;
- Amendments to IFRS 3 – *Business Combinations – Reference to the Conceptual Framework*;
- 2018-2020 annual improvement cycle.

The Group reviewed legislation that took effect on 1 January 2022 and concluded that there is no material impact on the Group's consolidated financial statements.

**Note 2.6 Standards, amendments and interpretations endorsed by the European Union and not adopted early by the Group**

The Group did not opt for early adoption of the standards, amendments and improvements endorsed by the European Union for which the application was not mandatory on 1 January 2022, namely:

- Amendment to IAS 1 – *Presentation of the Financial Statements – Disclosure of Material Accounting Policy Information*;
- Amendment to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*;
- IFRS 17 – *Insurance Contracts and amendments*
- IAS 12 – *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*.

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

**Note 2.7 Standards, amendments and interpretations published but not yet endorsed by the European Union**

**Note 2.7.1 IASB publications not yet endorsed by the European Union**

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

- Amendment to IAS 1 – *Presentation of Financial Statements – Classifying Liabilities as Either Current or Non-Current and Non-Current Liabilities with Covenants*;
- Amendment to IFRS 16 – *Lease Liability in a Sale and Leaseback*.

The two latest amendments are applicable to financial years opening on 1 January 2024, provided the amendments are endorsed by the European Union.

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

**Note 2.7.2 IASB publications after the closing date**

No standard or interpretation was published by the IASB since the closing date or up to the date these consolidated financial statements were approved.

**Note 2.8 Use of estimates**

Preparing financial statements in accordance with international financial reporting standards requires Group management to make estimates and use certain assumptions that are likely to impact the carrying value of assets and liabilities, shareholders' equity, income and expense items, and information provided in the notes to the financial statements.

Group management has regularly made these estimates and assumptions based on its past experience and other factors deemed reasonable. Changing assumptions, in particular as a result of the economic or financial environment, which could weaken some of the Group's partners and make it difficult to estimate future outlook, could ultimately lead to different amounts.

The estimates were made based on information available at the closing date, after taking into account subsequent events.

The main material estimates made by Group management concern changes to how employee benefits are measured (see note 7), any impairment of goodwill (see note 10) or intangible assets (see note 11), deferred tax asset assessments (see note 9), measuring the value of contingent payments to be paid or earnouts to be received (see notes 15 and 16) as well as measuring the value of provisions (see note 19).

**Note 2.9 Translation of financial statements in foreign currencies**

The Group's consolidated financial statements are denominated in euros. In accordance with IAS 21, the assets and liabilities of subsidiaries whose functional currency is not the euro are translated at the exchange rates prevailing on the closing date. No Group entity operates in a hyper-inflationary economy. Their income statements and the items in their cash flow statement are translated at the average rate for the year, which comes close to the prevailing exchange rate as of the date of the different transactions, as long as there are no significant fluctuations.

Exchange differences from translating balance sheets and income statements are recorded under the "Cumulative translation reserves" line item, which forms an integral part of shareholders' equity, and under "Non-controlling interests" for the share attributable to third parties. These differences arise from:

- any difference between the exchange rates used for the opening and closing balance sheets found when translating balance sheet items;
- any difference between the year's average rate and closing rate.

Goodwill and fair value adjustments arising when a foreign entity is acquired are treated as the foreign entity's assets and liabilities. As such, they are expressed in the entity's functional currency and translated at the exchange rate prevailing on the closing date.

During consolidation, exchange differences due to the translation of net investments in businesses abroad and of

loans and other exchange instruments designated as hedging instruments for these investments are recognized in equity. When a foreign entity is disposed of, these translation differences, initially recognized as equity, are recorded in profits or losses on disposals.

### Note 2.10 Translation of receivables, payables, transactions, and flows denominated in foreign currencies

Receivables and payables denominated in foreign currencies are initially translated at the exchange rates prevailing on the transaction date and then revalued at the closing rates prevailing on the reporting date.

Exchange differences on monetary assets denominated in foreign currencies are recognized in the income statement.

Exchange differences arising from eliminating foreign currency transactions between fully consolidated companies are recorded in "cumulative translation reserves" under shareholders' equity and under "non-controlling interests" for the share attributable to third parties, to eliminate their impact on consolidated results. Exchange differences arising from foreign currency cash flow movements between fully-consolidated companies are accounted for under a separate line item in the consolidated statement of cash flows.

## Note 3 Changes in the scope of consolidation

### Note 3.1 Business Combinations

#### Note 3.1.1 Accounting Principles

Business combinations are accounted for using the purchase method.

The cost of an acquisition is based on the fair value of the assets acquired, equity instruments issued, and liabilities incurred or assumed from the previous owners on the acquisition date. The costs directly attributable to the combination are accounted for as "Other operating expenses" in the period they are incurred.

As a result, when an exclusively-controlled company is consolidated for the first time, identifiable assets and liabilities are valued at their fair value, apart from exceptions specifically provided for in IFRS 3 – *Business Combinations*.

Under business combinations, other intangible assets acquired related to Research and Development in progress that can be reliably measured are identified separately in goodwill and recorded under "Other intangible assets" in accordance with IFRS 3 - *Business Combinations*, and IAS 38 - *Intangible Assets*. A related deferred tax liability is also recorded, if applicable.

When the value of the assets and liabilities is recognized on a provisional basis, adjustments resulting from facts and circumstances existing on the transaction date are recorded on the balance sheet as a retroactive adjustment in accordance with IFRS 3 - *Business Combinations*.

#### Note 3.1.2 Acquisition of Epizyme Inc.

Epizyme is a fully integrated, commercial-stage biopharmaceutical company committed to its mission of rewriting treatment for cancer through novel epigenetic medicines.

On 12 August 2022, the Group finalized the purchase of Epizyme Inc. by acquiring 100% of the company's share capital and took control of the company on this date. The purchase is considered a business combination.

The Group allocated the acquisition price and the resulting impacts were included in the consolidated financial statements as of 31 December 2022. The Group may adjust this allocation within the 12 months following the purchase.

Costs related to this acquisition have been recognized in Operating income and totaled €52.7 million. It mainly included attorney fees, bank fees and consolidation fees.

Details of the acquisition price are as follows:

<i>(in millions of euros)</i>	
Price paid to purchase tendered shares as part of a merger	245.2
Price paid to purchase regulated shares and stock options	2.6
Price paid to reimburse loans existing before the merger	239.0
Fair value of contingent consideration (Contingent Value Rights)	54.2
<b>Acquisition price</b>	<b>541.0</b>

The business combination relating to the purchase of Epizyme Inc. led the Group to recognize €28 million in goodwill.

<i>(in millions of euros)</i>	
<b>Acquisition price</b>	<b>541.0</b>
Intellectual Property - Tazverik	(325.0)
Other assets (intangible, tangible, financial)	(13.7)
Deferred tax asset	(16.7)
Inventories	(86.4)
Trade receivables	(8.9)
Other current assets	(31.1)
Cash and cash equivalents	(115.1)
Financial liabilities	13.5
Deferred tax liability	16.7
Current liabilities	53.5
<b>Goodwill</b>	<b>28.0</b>

Net outflows totaled €371.8 million.

<i>(in millions of euros)</i>	
Price paid to purchase tendered shares as part of a merger	245.2
Price paid to purchase regulated shares and stock options	2.6
Price paid to reimburse loans existing before the merger	239.0
Cash and cash equivalents received	(115.1)
<b>Net cash inflows</b>	<b>371.8</b>

### Note 3.2 Disposals, non-current assets held for sale and discontinued operations

#### Note 3.2.1 Accounting Principles

A non-current asset, or group of assets and liabilities, is classified as held for sale if its carrying value will be recovered mainly through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group held for sale must be available for immediate sale and the sale must be highly likely.

For the sale to be highly likely, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must be initiated.

An operation is classified as discontinued if it is a business the Group has sold or is classified as held for sale, and:

- it represents a principal and distinct business line or geographic region;
- it is part of a specific and coordinated plan to dispose of a principal and distinct business line or geographic region; or
- it is a subsidiary acquired exclusively for resale.

During the sale of a business or subsidiary, the loss of exclusive control leads to derecognizing assets and liabilities (including goodwill) as well as non-controlling interests. As of the date control is lost, the total income from the sale is determined by comparing proceeds from the sale to the carrying amount of the sold asset. This is shown in the income statement under the "Income from discontinued operations" line item.

#### Note 3.2.2 Sale of the Consumer Healthcare Business

After the sales agreement was finalized on 27 July 2022, the assets and liabilities from the Consumer Healthcare Business, which had been classified under "Assets held for sale" since 10 February 2022 in accordance with IFRS 5, were derecognized.

Investments in the following entities have no longer been consolidated since 27 July 2022:

- Ipsen CHC S.A.S. (100%)
- Beaufour Ipsen (Tianjin) Pharmaceutical Co. Ltd (96%)
- Beaufour Ipsen Industrie S.A.S. (100%)
- Ipsen CHC S.r.l (100%)
- Ipsen Consumer Healthcare LLC (100%)

Total capital gains from the sale before tax totaled €52 million and breaks down as follows:

- the sale price of the Consumer Healthcare Business totaling €264 million;
- the €219 million net carrying amount on the sale date, €97 million of which was goodwill;
- a €7 million gain on other items related to the sale, including foreign exchange differences recycled on the income statement recorded under other items of comprehensive income attributable to the Group totaling €13 million.

In the consolidated financial statements, €55 million in net income from discontinued operations includes:

- Comprehensive income net of tax and costs directly related to operations (€46 million);
- Net profit/(loss) from the Consumer Healthcare Business in 2022 until the sale date (€9 million).

This transaction led to a net €240 million cash inflow into the Group's consolidated cash flow statement for the year, including transferred net cash for €7 million.

**Net income from discontinued operations**

The Consumer Healthcare Business's contribution until the date the Group relinquished control of the company breaks down as follows:

<i>(in millions of euros)</i>	2022	2021
Sales	125.5	225.6
Operating Income	13.1	24.8
Net financial income / (expenses)	0.4	0.6
Income taxes	(4.0)	(9.9)
Net profit/(loss) from the sale of the Consumer Healthcare Business	45.9	—
<b>Net profit/(loss) from discontinued operations</b>	<b>55.4</b>	<b>15.5</b>

**Cash flow from discontinued operations**

The Consumer Healthcare Business's contribution until the date the Group relinquished control breaks down as follows:

<i>(in millions of euros)</i>	2022	2021
Net cash provided (used) by operating activities	5.8	37.6
Net cash provided (used) by investing activities	(5.3)	(12.3)
Net cash provided (used) by financing activities	1.4	(1.2)
<b>Change in cash and cash equivalents</b>	<b>1.9</b>	<b>24.1</b>

**Note 3.3 Other changes in scope**

In 2022, the Group created the wholly-owned Ipsen Austria subsidiary. It has been fully consolidated into the Group's scope since 1 September 2022.

The Ipsen Colombia S.A.S subsidiary (founded in 2021) was included in the Group's scope of consolidation on 1 March 2022.



## Note 4 Segment reporting

In accordance with IFRS 8 – Operating Segments, the segment reporting shown was prepared based on management data the Executive Leadership Team (the chief operating decision maker) uses to analyze operating performance and to decide how to allocate resources.

The Group only uses one operating segment now—the Specialty Care segment. The Group no longer reports the Consumer Healthcare Business as an operating segment because it was sold in July 2022.

The Group now allocates corporate overhead costs and the impact of currency hedging to the only operating segment—Specialty Care.

The Group uses Core Operating Income to measure its 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 year to another.

This performance indicator does not replace IFRS indicators and should not be viewed as such. It is used in addition to IFRS indicators.

### Note 4.1 Core Operating Income

<i>(in millions of euros)</i>	2022	2021 <sup>(1)</sup>
Sales	3,025.0	2,643.3
Revenue	3,156.4	2,748.6
Core Operating Income	1,115.4	983.1
<b>% of net sales</b>	<b>36.9%</b>	<b>37.2%</b>

(1) The data published for 2021 has been restated to account for the impacts related to the disposal of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

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

<i>(in millions of euros)</i>	2022	2021 <sup>(1)</sup>
<b>Core Operating Income</b>	<b>1,115.4</b>	<b>983.1</b>
Amortization of intangible assets, excluding software	(103.6)	(79.4)
Other operating income and expenses <sup>(2)</sup>	(140.6)	(50.3)
Restructuring costs	(26.9)	(19.6)
Impairment losses	(114.3)	(9.1)
<b>Operating Income</b>	<b>729.9</b>	<b>824.7</b>

(1) The data published for 2021 has been restated to account for the impacts related to the disposal of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

(2) Other operating expenses of €140.6 million mainly related to Epizyme's acquisition and transaction costs, Ipsen's transformation programs, the CHC divestment, the discontinuation of clinical trials and the change in Onivyde earnouts following the clinical-trial results for new indications.

## Note 5 Revenue and other operating income

The Group's revenue mainly includes pharmaceutical sales. It is recognized when control of the goods or services are transferred to the customer. Revenue is recorded for the amount that the Group expects to receive:

- proceeds from the pharmaceutical sale are recognized when transfer of control occurs, in most agreements, when products are physically transferred (delivery), in accordance with the delivery and acceptance terms agreed upon with the customer;
- revenue from product sales comes from pharmaceutical sales net of returns, rebates and discounts granted to customers as well as certain payments due to public health

authorities determined based on sales. The Group recognizes rebates and discounts at the same time as the sales and identifies them as being a variable pricing element pursuant to IFRS 15.

Regarding agreements signed with distributors, sales are recorded when the products are physically transferred to the distributors if the agreement is a consignment agreement, or when the distributor is an agent. In this case, the sale is recognized on the date control is transferred to the end customer. The commissions paid are recorded under the "selling costs" line item.

### Note 5.1 Sales by geographical region

(in millions of euros)	2022		2021 <sup>(1)</sup>	
	Amounts	% share	Amounts	% share
North America	1,032.1	34%	916.3	35%
Europe	1,237.3	41%	1,205.5	46%
Rest of the World	755.6	25%	521.4	20%
<b>Group Sales</b>	<b>3,025.0</b>	<b>100%</b>	<b>2,643.3</b>	<b>100%</b>

(1) The data published for 2021 has been restated to account for impacts related to the disposal of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

### Note 5.2 Sales by therapeutic area and product

(in millions of euros)	2022	2021 <sup>(1)</sup>
<b>Oncology</b>	<b>2,379.5</b>	<b>2,153.5</b>
Somatuline ®	1,218.0	1,202.7
Decapeptyl ®	529.7	459.6
Cabometyx ®	448.7	354.6
Onivyde ®	162.4	127.4
Other Oncology products	20.7	9.1
<b>Neurosciences</b>	<b>604.4</b>	<b>440.7</b>
Dysport ®	593.6	434.6
<b>Rare diseases</b>	<b>41.1</b>	<b>49.1</b>
NutropinAq ®	27.2	32.0
Increlex ®	13.9	17.1
<b>Group Sales</b>	<b>3,025.0</b>	<b>2,643.3</b>

(1) The data published for 2021 has been restated to account for impacts related to the disposal of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

### Note 5.3 Other revenue

Other revenue includes:

- royalties received;
- revenue received for license agreements signed with partners, and miscellaneous services.

#### 5.3.1 Royalties received

Royalties received are recorded under "Other revenue" according to the revenue generated over the period by partners and contractual royalty rates.

#### 5.3.2 Revenue received under licensing agreements with partners ("upfront payments" or "milestone payments")

Revenue received under licensing agreements break down into two distinct types, as follows:

- Revenue from static licenses when control has been transferred to the customer and under which the Group has an enforceable payment right. This revenue is recognized on the date when control of the licensed asset is transferred;

- Revenue received from dynamic licenses correspond to either the right held by the customer to use an intangible asset without a transfer of control (commercialization right for a defined period of time), or to a situation where the licensing agreement cannot be separated from the sale of the goods or services. This type of revenue is spread over the lifespan of the licensing agreement.

Off balance-sheet commitments to be received as milestone payments defined in the Group's main agreements are presented in note 23.1.2. Payments received for these milestones are recognized on the date when the regulatory triggering event occurs and after both parties give their approval.

#### 5.3.3 Miscellaneous services

Revenue generated by various services provided are recognized based on the goods or services delivered to the other contracting party.

<i>(in millions of euros)</i>	<b>2022</b>	<b>2021 <sup>(1)</sup></b>
Royalties received	113.8	95.6
Milestone payments – Licenses	17.6	8.2
Other (co-promotion revenues, re-billings)	0.1	1.6
<b>Other revenues</b>	<b>131.5</b>	<b>105.4</b>

<sup>(1)</sup> The data published for 2021 has been restated to account for impacts related to the disposal of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

Other revenue amounted to €131.5 million in 2022 (€105.4 million reported in 2021). This change was due to an increase in royalties received from Galderma for Dysport®.

## Note 6 Operating income

### Note 6.1 Cost of sales

Cost of sales primarily includes the industrial cost of goods sold and royalties paid under licenses. The industrial cost of goods sold includes the cost of raw materials consumed, including in-bound freight costs, direct and indirect costs for manufacturing services, personnel, manufacturing-related depreciation, all types of external costs related to manufacturing activities, such as electricity, water, maintenance, and equipment costs, and indirect costs, such as the share of purchasing, human resources and IT costs. Manufacturing costs also include quality control, production quality assurance, engineering, and third-party logistics expenses.

### Note 6.2 Research and Development

#### Note 6.2.1 Research costs

Internal pharmaceutical development costs are recorded under expenses when they are incurred.

#### Note 6.2.2 Development costs

In-house pharmaceutical development costs are expensed in the period during which they are incurred as long as capitalization criteria are not deemed to be met.

In accordance with IAS 38, internal development costs are recognized as intangible assets only if the following six criteria have been met:

- the development project is technically feasible;
- the Group intends to complete the project;

### Note 6.3 Other operating income and expenses

Other operating income and expenses primarily include amortization expenses for intangible assets (excluding software), the impact of cash flow hedges related to commercial operations, capital gains and losses on asset disposals, and any item not directly related to operations.

(in millions of euros)

	2022	2021 <sup>(1)</sup>
<b>Other operating income</b>	<b>32.1</b>	<b>52.5</b>
of which group transformation projects	18.0	25.5
of which adjustment of the fair value of contingent assets and liabilities	2.3	—
of which cash flow hedges	—	13.6
<b>Other operating expenses</b>	<b>(305.1)</b>	<b>(168.4)</b>
of which amortization of intangible assets (excluding software)	(103.6)	(79.4)
of which group transformation projects	(90.0)	(58.2)
of which adjustment of the fair value of contingent assets and liabilities	(56.2)	—
<b>Other operating income/(expenses)</b>	<b>(273.0)</b>	<b>(115.9)</b>

<sup>(1)</sup> The data published for 2021 has been restated to account for the impacts related to the disposal of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

- the Group is able to use the intangible asset;
- the Group can demonstrate the probable future economic benefit of the asset;
- the Group has the technical, financial and other resources to complete the project; and
- the Group can reliably measure development costs.

Due to the risks and uncertainties associated with regulatory approvals and the research and development process, the six criteria for intangible assets are not deemed to be fulfilled until marketing authorization for the drugs has been granted, i.e. approval of the Marketing Authorization Application (MAA).

As a result, internal development expenses, primarily consisting of clinical study costs arising before approval of the MAA, are generally recognized in "Research and development expenses" as soon as they are incurred.

#### Note 6.2.3 Research and Development Tax Credits in France

The Research tax credit in France is classified as an operating grant, which is common practice within the pharmaceutical industry. In accordance with IAS 20 – *Accounting for Government Grants*, operating grants are recognized in operating income, after the R&D expenses to which they are directly linked have been deducted.

Research and Development tax credits in the Group's other tax jurisdictions are typically accounted for by deducting the tax expense as they can only be deducted and are not refundable.

Other operating income and expenses accounted for a €273.0 million net expense in 2022, mainly related to amortizing the Cabometyx and Onivyde intangible assets, Epizyme's acquisition and transaction costs, Ipsen's transformation programs, Consumer HealthCare divestment, the discontinuation of clinical trials and the change in Onivyde earnouts following the clinical-trial results for new indications.

In 2021, other operating income and expenses came to €115.9 million in expenses. The expenses were mainly associated with amortization expenses on the Cabometyx and Onivyde intangible assets and costs from the Group's transformation programs.

### Note 6.5 Impairment losses

Impairment losses during the year corresponded to:

- Impairment of the intangible asset, palovarotene, for €55 million, the details of which are provided in note 11.2;
- Impairment of intangible assets related to Research and Development programs following strategic decisions and/or negative results obtained from clinical trials in progress.

### Note 6.6 Operating income per nature of expenses

<i>(in millions of euros)</i>	<b>2022</b>	<b>2021 <sup>(1)</sup></b>
<b>Revenue</b>	<b>3,156.4</b>	<b>105.4</b>
Personnel expenses <sup>(2)</sup>	(771.8)	(678.3)
Net provisions	(25.1)	(40.2)
Net depreciation and amortization of property, plant and equipment and software	(94.5)	(114.1)
Amortization of intangible assets (excluding software)	(103.6)	(79.4)
Impairment losses on intangible assets (excluding software)	(114.3)	(9.1)
Others	(1,317.2)	(1,002.8)
<b>Total operating income/(expense)</b>	<b>729.9</b>	<b>824.7</b>

(1) The data published for 2021 has been restated to account for the impacts related to selling the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

(2) Personnel expenses are detailed in note 7 to the consolidated financial statements.

### Note 6.4 Restructuring costs

Restructuring costs accounted for €26.9 million in expenses and primarily pertained to restructuring projects in the United States due to the integration of Epizyme.

In late December 2021, this expense totaled €19.6 million. It was mainly impacted by transformation projects in France and in the United States.

## Note 7 Personnel

### Note 7.1 Headcount

At the end 2022, the Group totaled 5,072 employees, compared to 5,744 at the end of 2021.

The average headcount in 2022 was 5,415 employees, compared to 5,671 in 2021.

### Note 7.2 Employee expenses

Employee expenses, which are included in the cost of goods sold, selling costs, corporate overheads, research and development expenses, and restructuring costs, encompass the following items:

<i>(in millions of euros)</i>	2022	2021 <sup>(1)</sup>
Wages and salaries	(553.1)	(479.2)
Employer's Social security contributions and payroll taxes	(169.3)	(150.3)
Interest on employee benefits	(4.3)	(3.1)
Share-based payment expenses	(27.8)	(29.9)
Employee profit-sharing	(13.9)	(13.7)
Other personal charges	(3.3)	(2.0)
<b>Total - Employee expenses</b>	<b>(771.8)</b>	<b>(678.3)</b>

<sup>(1)</sup> The data published for 2021 has been restated to account for the impacts related to the disposal of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

In 2022, the average rate of social security contributions and payroll taxes amounted to 30.6% of gross payroll, compared to 31.4% in 2021.

### Note 7.3 Long-term employee benefits

#### Note 7.3.1 Benefit Plans

##### Note 7.3.1.1 Retirement benefit obligations

In some countries, the Group's employees are eligible for:

- supplementary retirement in the form of pension payments paid out after the employee retires;
- or a retirement payment upon departure paid out in a lump sum at time of retirement.

The main countries that have defined benefit plans are France and the United Kingdom. In France, a small number of employees also receive a supplementary pension plan.

The corresponding commitments are taken into account according to rights acquired by the beneficiaries either as:

- contributions to independent organizations (insurance companies) responsible for paying the pensions and other benefits (defined contribution plans);
- provisions (defined benefit plans).

For basic plans and other defined contribution plans, the Group recognizes contributions to be paid under expenses when they are due, as the Group has no commitment beyond the contributions paid out.

For defined benefit plans, pension expenses are determined by third-party actuaries using the projected unit credit method.

##### Note 7.3.1.2 Other long-term commitments

The Group also pays out amounts to reward employees for their years of service in the form of bonuses. Essentially they are long service awards, mostly in France.

These commitments are provisioned for by the Group.

##### Note 7.3.2 Measuring and recognizing commitments

The Group's obligations regarding all of its services are calculated by an outside actuary using applicable assumptions in the countries where the plans are located.

Discount rates are determined by referring to market rates based on high quality corporate bonds. The main reference index used for the euro zone and the United Kingdom is the iBoxx Corporate AA Benchmark Indices.

Assumptions for staff turnover and mortality rates are specific to each country.

Some commitments are covered by financial assets corresponding to funds invested with insurance companies (plan assets).

The impact of profit from asset returns used to cover plans on the income statement is determined based on the discount rate of the commitments.

Unfinanced commitments and underfunded plans are recorded under "Provisions for employee commitments" on the balance sheet.

Note 7.3.2.1 Assumptions used

The main actuarial assumptions the Group used as of 31 December 2022 are described below:

	31 December 2022		
	Europ (excluding UK)	United Kingdom	Asia - Oceania
Discount rate	3.74%	4.77%	3.74%
Inflation rate	2.0%	3.25%	N/A
Rate of increase in salaries, net of inflation	Varies by professional category	N/A	5.6%
Rate of increase in pensions	N/A	3.05%	N/A

A 1.0% increase in the discount rate would result in a 8.5% decrease in commitments in France, a 16.4% decline in commitments in the United Kingdom and a 10.2% decrease in commitments in the Asia-Oceania region.

## Note 7.3.2.2 Reconciliation between balance sheet assets and liabilities

	31 December 2022			31 December 2021
	Post-employment benefits	Other long-term benefits	Total long-term personnel benefits	Total long-term personnel benefits
<i>(in millions of euros)</i>				
<b>Defined benefit plan obligations - Opening balance</b>	<b>71.0</b>	<b>5.4</b>	<b>76.4</b>	<b>76.5</b>
Current service costs	4.2	0.7	4.9	5.4
Past service costs (plan amendments and curtailments)	—	—	—	(1.8)
Interest expense on obligations	0.9	(1.0)	(0.1)	(0.2)
Actuarial gains and (losses) - changes to demographic assumptions	(0.5)	—	(0.5)	1.2
Actuarial gains and (losses) - changes to discount rate	(21.9)	—	(21.9)	(6.4)
Actuarial gains and (losses) - experience adjustments	—	—	—	1.2
Benefits paid	(1.8)	(0.1)	(1.9)	(2.2)
Changes in scope	(4.2)	(1.4)	(5.5)	—
Exchange differences	(1.0)	—	(1.0)	1.7
Other	(0.3)	—	(0.3)	1.0
<b>Defined benefit plan obligations - Closing balance</b>	<b>46.5</b>	<b>3.6</b>	<b>50.1</b>	<b>76.4</b>
<b>Fair value of assets allocated to plans – Opening balance</b>	<b>35.7</b>	<b>—</b>	<b>35.7</b>	<b>29.1</b>
Interest income on plan assets	0.5	—	0.5	0.3
Actuarial gains/(losses) on plan assets	(6.7)	—	(6.7)	3.4
Employee contributions to plan assets	—	—	—	—
Employer's contributions to plan assets	3.6	—	3.6	2.5
Benefits paid from plan assets	(0.3)	—	(0.3)	(0.8)
Changes in scope	(0.5)	—	(0.5)	—
Exchange differences	(1.0)	—	(1.0)	1.3
Other	—	—	—	—
<b>Fair value of assets allocated to plans – Closing balance</b>	<b>31.5</b>	<b>—</b>	<b>31.5</b>	<b>35.7</b>
<b>Closing net liability recognized in the balance sheet</b>	<b>15.1</b>	<b>3.6</b>	<b>18.7</b>	<b>40.7</b>
<b>Impact on comprehensive income</b>				
Operating expenses	(4.2)	(0.7)	(4.9)	(3.6)
Interest expenses recognized in financial result	(0.4)	1.0	0.6	0.5
Other	—	—	—	—
<b>Income statement expenses</b>	<b>(4.6)</b>	<b>0.3</b>	<b>(4.3)</b>	<b>(3.1)</b>
Actuarial gains/(losses) on defined benefit obligations	22.3	—	22.3	4.0
Actuarial gains/(losses) on plan assets	(6.7)	—	(6.7)	3.4
<b>Items recognized in comprehensive income</b>	<b>15.6</b>	<b>—</b>	<b>15.6</b>	<b>7.4</b>
<b>Impact on comprehensive income</b>	<b>11.0</b>	<b>0.3</b>	<b>11.4</b>	<b>4.3</b>



## Note 7.3.2.3 Asset allocation to finance plans

<i>(in millions of euros)</i>	31 December 2022			Total
	Shares	Bonds	Other <sup>(1)</sup>	
Europe (excluding UK)	9.6	3.2	4.0	16.8
United Kingdom	7.7	4.9	0.6	13.1
Asia-Oceania	1.3	0.2	—	1.5
<b>Total</b>	<b>18.5</b>	<b>8.2</b>	<b>4.6</b>	<b>31.3</b>
<b>Total (as a percentage)</b>	<b>59%</b>	<b>26%</b>	<b>15%</b>	<b>100%</b>

(1) Real Estate, cash and other

Financial assets as of 31 December 2022 primarily break down in the following countries: 44% in France and 42% in the United Kingdom.

<i>(in millions of euros)</i>	31 December 2021			Total
	Shares	Bonds	Other <sup>(1)</sup>	
Europe (excluding UK)	8.2	4.6	1.8	14.6
United Kingdom	12.0	7.5	0.9	20.4
Asia-Oceania	0.6	0.1	—	0.7
<b>Total</b>	<b>20.7</b>	<b>12.3</b>	<b>2.7</b>	<b>35.7</b>
<b>Total (as a percentage)</b>	<b>58%</b>	<b>34%</b>	<b>8%</b>	<b>100%</b>

(1) Real Estate, cash and other

## Note 7.3.2.4 Future probable plan benefits

<i>(in millions of euros)</i>	31 December 2022		Total
	Post-employment benefits	Other long-term benefits	
2023	7.4	0.6	8.0
2024	1.0	0.7	1.7
2025	1.9	0.6	2.5
2026	3.0	0.5	3.5
2027	1.1	0.6	1.7
2028-2032	11.2	2.9	14.1

**Note 7.4 Share-based payments**

Bonus share plans are granted to Group directors and executives as well as certain Group employees. This incentive policy results in bonus shares being granted. They vest when:

- in-house and outside performance conditions as well as financial and non-financial performance conditions plus continued employment conditions are met;
- continued employment conditions are complied with without performance conditions.

In accordance with IFRS 2 – Share-based payments, these options and shares are measured at fair value on the grant date, which is determined using the valuation method that most suits the payment and features of each bonus share plan granted ("Black & Scholes" or "Monte Carlo").

This value is recorded under personnel expenses (broken down by destination in the income statement), on a straight-line basis over the vesting period (period between the grant date and the plan maturity date) with a direct counterparty in shareholders' equity.

At each closing date, the Group reassesses the number of options likely to be exercised and the number of shares that could be distributed. If applicable, the impact of revising the estimates is recognized in the income statement with a corresponding adjustment in shareholders' equity.

**Note 7.4.1 Bonus share grants**

Ipsen granted various bonus share plans within the scope of IFRS 2 – *Share-Based Payments*, that were still vesting as of 31 December 2022.

2022 expense amounted to €26.2 million, compared to €26.5 million in 2021.

<i>(in millions of euros/number of shares)</i>	Vesting period	Number of granted shares	Number of granted shares alive	Value of shares on date granted	Fair value of bonus share	2022	2021
Plan dated March 27, 2017	4 years	37,980	n/a	€93.40	€99.27		-0.1
Plan dated May 28, 2018	3 years	85,875	n/a	€134.40	€133.37		0.2
Plan dated February 13, 2019	2 years	25,880	n/a	€109.60	€109.60		-0.1
Plan dated May 28, 2019	2/3 years	288,880	n/a	€112.10	€97.84	-0.3	-6.0
Plan dated February 12, 2020	2 years	71,650	n/a	€109.60	€109.60	0.2	-0.5
<b>Plan dated May 29, 2020</b>		<b>520,268</b>	<b>335,168</b>			<b>-7.2</b>	<b>-11.3</b>
Shares non subject to performance conditions	2 years	223,154	141,993	€72.00	€69.98		
Shares non subject to performance conditions	3 years	120,243	70,381	€72.00	€68.71		
Shares subject to performance conditions	3 years	176,871	122,794	€72.00	€62.02		
<b>Plan dated July 29, 2020 - Chief Executive Officer</b>		<b>37,829</b>	<b>37,829</b>			<b>0.0</b>	<b>0.0</b>
Shares non subject to performance conditions	3 years	37,829	37,829	€81.75	€74.83		
<b>Plan dated May 27, 2021</b>		<b>427,333</b>	<b>337,183</b>			<b>-11.2</b>	<b>-8.1</b>
Shares non subject to performance conditions	2 years	172,930	129,755	€85.78	€83.76		
Shares non subject to performance conditions	3 years	93,090	68,040	€85.78	€82.74		
Shares subject to performance conditions	3 years	161,313	139,388	€85.78	€84.37		
<b>Plan dated May 27, 2021</b>		<b>24,400</b>	<b>19,715</b>			<b>-0.8</b>	<b>-0.5</b>
Shares non subject to performance conditions	2 years	24,400	19,715	€85.78	€83.76		
<b>Plan dated May 24, 2022</b>		<b>323,999</b>	<b>307,283</b>			<b>-7.0</b>	<b>0.0</b>
Shares non subject to performance conditions	2 years	131,149	122,791	€94.00	€91.61		
Shares non subject to performance conditions	3 years	70,513	65,690	€94.00	€90.50		
Shares subject to performance conditions	3 years	122,337	118,802	€94.00	€91.14		
<b>TOTAL</b>						<b>-26.2</b>	<b>-26.5</b>

**Note 7.4.2 Bonus share plans as part of the Consumer Healthcare Business sale**

On 24 May 2022, the Board of Directors set up a specific plan to award 9,762 bonus shares as part of the sale of the Consumer Healthcare Business to Mayoly Spindler group.

This plan resulted in the award of Ipsen bonus shares. Vesting will be subject to performance conditions measured at the end of 2022 and related to:

- Total Sales and
- Core Operating Income (generated by discontinued operations),

The condition of presence of shares granted to employees of the Consumer Healthcare activities was lifted at the same time as the disposal, for all existing plans.

The expense for the year for the residual cost of these shares amounted to €2.6 million.

## Note 8 Net financial income/(expense)

<i>(in millions of euros)</i>	<b>2022</b>	<b>2021 <sup>(1)</sup></b>
Investment income	5.3	1.9
Financing costs	(23.8)	(23.7)
<b>Net financing costs</b>	<b>(18.5)</b>	<b>(21.8)</b>
Foreign exchange gain / (loss) on non-operating activities	9.2	(0.9)
Change in fair value of equity investments	2.6	3.1
Net interest on employee benefits	0.5	0.1
Change in fair value of contingent assets and liabilities	(6.7)	(8.4)
Other financial liabilities	(11.1)	(7.7)
<b>Other financial income and expenses</b>	<b>(5.5)</b>	<b>(13.8)</b>
<b>Financial income/(expenses)</b>	<b>(24.0)</b>	<b>(35.6)</b>
<i>of which total financial income</i>	<i>157.5</i>	<i>91.7</i>
<i>of which total financial expense</i>	<i>(181.5)</i>	<i>(127.3)</i>

(1) The data published for 2021 has been restated to account for the impacts related to the disposal of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

Other financial liabilities included the cost of the Group's currency hedges.

## Note 9 Income taxes

Tax expense for the year comprises:

- Current tax expense
- Deferred tax expense

The Group has elected to recognize the CVAE, the business tax (Cotisation sur la Valeur Ajoutée des Entreprises) as an income tax expense in the income statement. In accordance with IAS 12, the total amount of the current and deferred expenses related to the CVAE is presented on the "Income Tax" line item.

The tax credits that are not used in determining taxable income and that are reimbursed by the tax authorities when they are not deducted from corporate income tax, are recognized as subsidies and deducted as expenses under their corresponding line item.

Applying the variable carryover method, deferred taxes are recorded on all temporary differences between the carrying value and tax base of assets and liabilities, and on tax loss carryforwards.

The main temporary differences in the Group's consolidated financial statements stem from tax loss carryforwards, restatements to eliminate internal margins on inventory and provisions for retirement benefits.

The Group only recognizes deferred tax assets for deductible temporary differences when it is likely that taxable profits will be available for the temporary differences to be offset.

Deferred tax assets and liabilities are valued using the expected tax rate for the period in which the asset will be realized and the liability will be settled, based on the tax rates enacted or virtually enacted as of the balance sheet date. Deferred tax assets undergo a recoverability analysis based on Group forecasts.

Deferred tax assets and liabilities are not discounted, in accordance with IAS 12 – *Income Taxes*.

The Group calculates the amount of deferred taxes to recognize in the Group's consolidated financial statements per entity included in the scope of consolidation.

### Note 9.1 Tax expenses

#### Note 9.1.1 Effective tax rate

(in millions of euros)

	2022	2021
Net profit/(loss) from continuing operations	592.1	631.2
Share of net profit/(loss) from equity-accounted companies	(1.5)	0.4
<b>Net profit/(loss) from continuing operations before share of results from equity-accounted companies</b>	<b>593.6</b>	<b>630.8</b>
Current tax	(167.7)	(145.2)
Deferred tax	55.4	(13.1)
<b>Income taxes</b>	<b>(112.3)</b>	<b>(158.3)</b>
<b>Pre-tax profit from continuing operations before share of results from equity-accounted companies</b>	<b>705.9</b>	<b>789.1</b>
<b>Effective tax rate</b>	<b>15.9%</b>	<b>20.1%</b>

In 2022, €112.3 million in income tax expenses resulted in an effective tax rate of 15.9% on pre-tax profit from continuing operations, excluding the share of profit/(loss) from equity-accounted companies.

In 2021, €158.3 million in income tax expenses resulted in an effective tax rate of 20.1% on pre-tax profit from continuing operations, excluding the share of profit/(loss) from equity-accounted companies.

**Note 9.1.2 Reconciliation between the effective and nominal tax expense**

The following table shows the reconciliation between the effective tax expense and nominal tax expense based on pre-tax profit from continuing operations taxed at the standard French rate of 25.82% for the two years presented:

<i>(in millions of euros)</i>	2022	2021
Pre-tax profit from continuing operations before share of results from equity-accounted companies	705.9	789.1
Group tax rate	25.8%	28.4%
<b>Nominal tax expense</b>	<b>(182.3)</b>	<b>(224.2)</b>
<b>(Increase)/Decrease in tax expense arising from:</b>		
- Tax credits	48.2	13.4
- Non-recognition of tax impact on certain losses during the year	(24.8)	(31.9)
- Utilization of tax losses not recognized as deferred tax assets	—	—
- Recognition of deferred tax assets	3.7	38.8
- Other permanent differences	42.8	45.6
<b>Effective tax expense</b>	<b>(112.3)</b>	<b>(158.3)</b>
<b>Effective tax rate</b>	<b>15.9%</b>	<b>20.1%</b>

Items impacting tax expenses in 2022 included:

- research tax credits essentially in the United States, including €25 million resulting from a legal restructuring;
- an expense related to non-recognition of the tax effect on certain tax losses generated during the year in Canada;
- other permanent differences, which included differences in the effective tax rate of 25.82% and the effective tax rates where the Group's subsidiaries are located, as well as tax costs from the Group's legal restructuring.

Items impacting tax expenses in 2021 included:

- an expense related to non-recognition of the tax effect on certain tax losses generated during the year in Canada and in Germany;
- the income recorded from recognizing deferred net tax assets mainly due to losses generated in France in 2020;
- other permanent differences, which included differences in the effective tax rate of 28.41% and the effective tax rates where the Group's subsidiaries are located, as well as tax costs from the Group's legal restructuring.

**Note 9.2 Deferred tax assets and liabilities**

Changes in deferred tax assets and liabilities in 2022 broke down as follows:

<i>(in millions of euros)</i>	31 December 2021	(Loss) / profit in income statement	Deferred taxes recorded directly to reserves	Foreign Exchange differences	Transfers and other movements	31 December 2022
Deferred tax assets	258.7	35.1	(3.7)	2.2	18.4	321.1
Deferred tax liabilities	(101.8)	18.3	(1.3)	(4.0)	25.3	(77.9)
<b>Net deferred tax assets</b>	<b>156.9</b>	<b>53.5</b>	<b>(5.0)</b>	<b>(1.9)</b>	<b>43.7</b>	<b>243.2</b>

Changes in "Income statement income/(expenses)" totaling €53.5 million mainly included:

- €35.1 million in income primarily related to deferred tax assets related to inventory internal profit margin elimination;
- €18.3 million in net income for deferred tax liabilities mainly due to a €14.6 million reversal in income related to deferred tax liabilities correlated to amortization of the intangible asset palovarotene.

Changes in deferred tax assets and liabilities in 2021 break down as follows:

<i>(in millions of euros)</i>		IFRIC related to Software as a Service <sup>(1)</sup>		(Loss) / profit in income statement	Foreign exchange differences	Transfers and other movements	31 December 2021
Deferred tax assets	243.2	5.7	248.8	5.5	4.8	(0.3)	258.7
Deferred tax liabilities	(79.9)	—	(79.9)	(21.7)	(7.4)	(0.1)	(101.8)
<b>Net deferred tax assets</b>	<b>163.2</b>	<b>5.7</b>	<b>168.9</b>	<b>(16.2)</b>	<b>(2.6)</b>	<b>(0.4)</b>	<b>156.9</b>

(1) The financial statements have been restated for the retroactive application of the IFRIC's decision relating to software used as a service (SaaS) as of 1 January 2021 (see note 11.1 to the consolidated financial statements for the year ended 31 December 2022).

Changes in "Income statement income/(expenses)" totaling -€16.2 million mainly included a €21.7 million net expense for deferred tax liabilities primarily due to updating deferred tax liabilities in the United Kingdom after the tax rose from 19% to 25%.

### Note 9.3 Type of deferred taxes recognized on the balance sheet and the income statement

<i>(in millions of euros)</i>	31 December 2022	31 December 2021
Deferred tax related to employee benefits	7.7	14.4
Deferred tax related to internal profit margin elimination	129.4	97.0
Deferred tax assets related to tax loss carry-forward	81.0	90.6
Other deferred tax assets	150.4	94.8
Offset of deferred tax assets and liabilities by fiscal entity	(47.5)	(38.1)
<b>Deferred tax assets</b>	<b>321.1</b>	<b>258.7</b>
Deferred tax liabilities related to the remeasurement of acquired intangibles assets	(65.8)	(81.6)
Other deferred tax liabilities	(59.5)	(58.3)
Offset of deferred tax assets and liabilities by fiscal entity	47.5	38.1
<b>Deferred tax liabilities</b>	<b>(77.9)</b>	<b>(101.8)</b>

The Group recognized €81.0 million in tax loss carryforwards as of 31 December 2022 (compared to €90.6 million in 2021). This decrease mainly stemmed from using deferred tax assets from losses generated in France, which were partially offset by recording deferred taxes in the United States.

Deferred tax assets are recognized based on results forecasts for each tax consolidation group. These forecasts are in line with Ipsen's long- and medium-term plans and take into account the time frames in relation to the duration of the tax loss carryforwards and the specific situation of each tax consolidation group.

The "Deferred taxes related to the remeasurement of acquired intangible assets" line item mainly included the amount of deferred tax liabilities recorded for palovarotene intangible assets.

## Note 10 Goodwill

### Note 10.1 Changes in Goodwill

Goodwill recorded in the consolidated balance sheet represents the difference between:

- the total amount of the following items:
  - the acquisition cost on the date when control is obtained;
  - the total non-controlling interests in the acquired company determined either at fair value on the acquisition date (full goodwill method), or based on their share in the fair value of the identifiable net assets acquired and liabilities assumed (partial goodwill method). The Group reviews this option on a transaction-by-transaction basis;
  - for business combinations achieved in stages, the fair value of the share held by the Group on the acquisition date, but before the date when control is obtained;
  - and the estimated impact of any adjustments in the acquisition cost, such as earnouts. These contingent earnouts are measured by applying the criteria set out in the purchase agreement, such as sales and earnings targets, to forecasts deemed to be highly probable. The contingent earnouts are then re-measured at each closing date, with any changes recognized on the income statement after the acquisition date (including the one-year period following the acquisition date, as long as they do not result from existing facts and circumstances as of the transaction date). They are discounted over their useful life if the impact is material. Any discounting adjustments to the carrying amount of the liability are recognized in Other financial income and expenses;
- and the net amount of identifiable assets acquired and identifiable liabilities assumed are measured at their fair value as of the acquisition date.

<i>(in millions of euros)</i>	<b>Net goodwill</b>
<b>1st January 2021</b>	<b>592.8</b>
Changes in consolidation scope	—
Foreign exchange differences	30.3
<b>31 December 2021</b>	<b>623.2</b>
Changes in consolidation scope	(68.9)
Foreign exchange differences	25.6
<b>31 December 2022</b>	<b>579.9</b>

Change in consolidation scope for the year corresponded to:

- the Epizyme acquisition, totaling €28 million (see note 3.1);
- the sale of the Consumer Healthcare Business for €97 million (see note 3.2).

### Note 10.2 Impairment of goodwill

Impairment tests are conducted on goodwill in accordance with IAS 36 – *Impairment of Assets*, at least once per year, or if there are indicators of impairment.

Indicators of impairment loss can be related particularly to the results of successive phases of clinical trials, to pharmacovigilance, to patent protection, to the arrival of competing products and/or generics and the comparison between actual and forecast sales. These impairment indices

are applied to all intangible assets with both finite and indefinite useful lives as soon as required by IAS 36.

Impairment tests involve comparing an asset's carrying value (asset groups or cash-generating units) with its recoverable amount. The recoverable amount is the higher of fair value less selling costs and value-in-use. Impairment tests are conducted at the Cash Generating Unit (CGU) level: Specialty Care.

An impairment loss is recorded on a separate line in the income statement for the difference when the recoverable amount is less than the asset's, the group of assets, or the cash generating unit's net carrying amount. If the Group identifies impairment on a cash generating unit, it is deducted from goodwill. Goodwill impairment cannot be reversed.

The assumptions used for the goodwill impairment tests are reviewed once a year and are based on:

- a five-year cash flow estimate made by the Group's operating entities;
- if longer estimates are warranted, cash flows are extrapolated by applying the long-term expected market growth rate.

The carrying amount of respective Cash Generating Units and main assumptions are as follows:

*(in millions of euros)*

<b>Net carrying value at 31 December 2021</b>	
Goodwill	526.2
Net underlying assets	1,924.0
<b>Total</b>	<b>2,450.2</b>
<i>Perpetuity growth rate</i>	1.5%
<i>Discount rate</i>	8.0%
<b>Net carrying value at 31 December 2022</b>	
Goodwill	579.9
Net underlying assets	2,098.3
<b>Total</b>	<b>2,678.2</b>
<i>Perpetuity growth rate</i>	1.5%
<i>Discount rate</i>	9.0%

As of 31 December 2022, no goodwill impairment had been recorded.

Tests were performed to assess the sensitivity of the recoverable amount to probable changes in certain actuarial assumptions, primarily to the discount rate (range +/- 2 points), sales growth (range +/- 5 points) and the long-term growth rate (range +/- 1 point). Implementing sensitivity tests would not lead to the recognition of significant goodwill impairments.

## Note 11 Intangible assets

### Note 11.1 Changes to intangible assets

#### Note 11.1.1 Intellectual Property

Intellectual property primarily consists of patents, intellectual property rights and licenses to use intellectual property.

##### Patents

Acquired patents are capitalized at their purchase price or at fair value for business combinations.

##### Research and Development fees acquired separately

Payments made to purchase research and development work separately are recorded in assets under the "Intangible assets" line item when the assets meet the definition of a controlled resource the Group expects to receive identifiable future economic benefits on (separately or arising from contractual or legal rights).

In accordance with IAS 38, the first accounting criteria relating to probable future economic benefits generated by the intangible asset is presumed to be met for Research and Development work when they are acquired separately. The second recognition criterion related to the reliable measurement of the asset is satisfied as well when payment amounts are determined.

##### Internal Development costs

Internal development costs such as:

- industrial development costs incurred after obtaining market authorization to improve the industrial process for a major asset;
- some clinical trials to expand geographically for a molecule that has already received marketing authorization in one major market

are included in the project assessment and recorded in assets under the "Intangible assets" line item as they are incurred, and once the six criteria for IAS 38 – *Intangible Assets* – are met:

- the technical feasibility required to complete the development project;

- the Group intends to complete the project;
- the Group is able to use the intangible asset;
- the Group can demonstrate the asset's probable future economic benefit;
- the Group has technical, financial and other resources to complete the project; and
- the Group can reliably measure development costs.

Identified rights regarding intellectual property are amortized on a straight-line basis as soon as the product hits the market over their estimated useful lives, which in practice is between 8 and 20 years. These useful life periods vary depending on cash flow forecasts, which are based on the underlying patent-protection period.

#### Note 11.1.2 Software

Development costs for software developed in-house are recognized in the assets side of the balance sheet under the "Intangible Assets" line item as they are incurred and once the six criteria for IAS 38 – *Intangible Assets* – are met.

Capitalized expenses mainly include the salaries of personnel involved in the project and third party consulting fees. The software is amortized on a straight-line basis over the duration of its useful life.

Software and application licenses acquired under a SaaS distribution model (Software as a Service) are recognized in the Income Statement and are not recognized as an intangible asset or a lease agreement for the most part. Development costs related to these applications and software are accounted for the same way and are recognized in the Income Statement.

Acquired software licenses are amortized on a straight-line basis over the duration of their useful lives (from 1 to 10 years).



<i>(in millions of euros)</i>	Intellectual property	Software	Other intangible assets and intangible assets in progress	Total other intangible assets
<b>Gross value at 31 December 2020</b>	<b>2,329.5</b>	<b>166.0</b>	<b>26.8</b>	<b>2,522.2</b>
Application of IFRIC decision on software used in Saas mode (Software as a service)	—	(39.5)	(4.4)	(44.0)
<b>Gross value at 01 January 2021</b>	<b>2,329.5</b>	<b>126.5</b>	<b>22.4</b>	<b>2,478.3</b>
Acquisitions / increases	300.2	10.0	21.5	331.7
Disposals / decreases	(53.8)	(3.8)	—	(57.5)
Foreign exchange differences	127.6	1.3	0.1	129.1
Transfers and other movements	—	17.8	(15.0)	2.8
<b>Gross value at 31 December 2021</b>	<b>2,703.5</b>	<b>151.8</b>	<b>29.0</b>	<b>2,884.2</b>
Change in scope	213.3	(8.7)	(4.3)	200.3
Acquisitions / increases	110.3	3.8	42.3	156.4
Disposals / decreases	(38.6)	(36.8)	—	(75.4)
Foreign exchange differences	59.7	0.5	0.1	60.3
Transfers and other movements	—	14.7	(14.7)	0.1
<b>Gross value at 31 December 2022</b>	<b>3,048.2</b>	<b>125.4</b>	<b>52.3</b>	<b>3,225.9</b>
<b>Amortization and impairment at 31 December 2020</b>	<b>(1,282.4)</b>	<b>(115.2)</b>	<b>(3.5)</b>	<b>(1,401.1)</b>
Application of IFRIC decision on software used in Saas mode (Software as a service)	—	22.0	—	22.0
<b>Amortization and impairment at 01 January 2021</b>	<b>(1,282.4)</b>	<b>(93.1)</b>	<b>(3.5)</b>	<b>(1,379.1)</b>
Amortization	(81.9)	(20.4)	(0.4)	(102.7)
Impairment losses	(9.1)	—	—	(9.1)
Disposals / decreases	53.8	1.6	—	55.4
Foreign exchange differences	(77.8)	(0.9)	—	(78.7)
Transfers and other movements	—	—	—	—
<b>Amortization and impairment at 31 December 2021</b>	<b>(1,397.4)</b>	<b>(112.9)</b>	<b>(3.9)</b>	<b>(1,514.2)</b>
Change in scope	85.1	7.2	3.8	96.2
Amortization	(104.0)	(14.1)	(0.1)	(118.2)
Impairment losses	(114.3)	—	—	(114.3)
Disposals / decreases	30.0	35.0	—	65.0
Foreign exchange differences	(54.4)	(0.4)	—	(54.8)
Transfers and other movements	—	—	(0.1)	(0.1)
<b>Amortization and impairment at 31 December 2022</b>	<b>(1,555.0)</b>	<b>(85.2)</b>	<b>(0.3)</b>	<b>(1,640.5)</b>
<b>Net value at 31 December 2021</b>	<b>1,306.1</b>	<b>38.9</b>	<b>25.0</b>	<b>1,370.0</b>
<b>Net value at 31 December 2022</b>	<b>1,493.2</b>	<b>40.2</b>	<b>52.1</b>	<b>1,585.4</b>

In 2022, the change in gross value of intangible assets was mainly due to the following items:

- Change in scope resulting from the acquisition of Epizyme intellectual property, including Tazverik, for €325.0 million, presented as changes in scope of consolidation partially offset by the sale of intangible assets related to the Consumer Healthcare Business amounting to a net carrying value of €28.6 million
- Recognition of additional milestone payments to Exelixis and to Blueprint Medicines in intangible assets as well as milestone payments from partnership agreements signed in 2022, particularly with Marengo Therapeutics;
- A transfer in intellectual property rights for the product Xermelo to partners amounting to a net carrying value of €8.5 million.

In 2021, the increase in gross value of intangible assets was mainly due to additional Exelixis milestone payments, collaboration agreements particularly with GENFIT, Irlab, and Exicure.

The disposal relates to intellectual property from research programs pertaining to Systemic Radiation Therapy (SRT) to Fusion Pharmaceuticals Inc. and SatoSea Oncology GmbH.

## Note 11.2 Impairment tests of intangible assets

### Note 11.2.1 Intangible assets not yet amortized

Intangible rights acquired from a third party for drugs not yet marketed) are tested for impairment in accordance with IAS 36 – *Impairment of Assets*, at least once a year and whenever there is an indication that the asset may be impaired.

These assets involve rights acquired for special advanced development phase medications in the fields of Oncology, Neuroscience and Rare Diseases that have not yet been marketed.

### Note 11.2.2 Intangible assets with a defined useful life

Intangible assets with a defined useful life are only tested for impairment when events or circumstances indicate that the assets may have been impaired.

For these intangible assets, the recoverable value is the value-in-use based on expected future cash flow estimates.

### Note 11.2.3 Determining the recoverable value

The period taken into account for estimating anticipated cash flows is based on the economic life intrinsic to each intangible

(in millions of euros)

	2022	2021
<b>Impairment losses on intangible assets (excluding software)</b>	<b>(114.3)</b>	<b>(9.1)</b>
Research and development projects - Specialty Care	(114.3)	—
Marketed products - Specialty Care	—	(9.1)

Comments on the impairment recognized in 2022 are shown in note 6.5 to the consolidated financial statements.

In 2022, as part of the annual review of assets with an indefinite useful life, the Group conducted an impairment test to remeasure the intangible asset palovarotene's recoverable amount. The recoverable amount corresponds the discounted value of expected future cash flows from these scenarios over the product's estimated life cycle, including new clinical data and potential sales developments as well as estimated approval dates for the FOP indication.

A probability of success for regulatory approval of this indication was also applied.

The Group used 9% as the discount rate given the risk level of the Specialty Care Business.

These assumptions reflect management's best estimate as well as information management knew at the time the impairment test was conducted.

asset. When the economic life exceeds Group forecasts, the terminal value may be used.

Estimated cash flows are discounted to present value using the weighted average cost of capital of each cash-generating unit.

When it is not possible to estimate the recoverable amount of a particular fixed asset, the Group determines the recoverable amount of the cash-generating unit that holds it. More specifically, for an intangible right in the early development phase, the asset is tested for impairment only if an indication of loss of value arises between the date it is acquired and the annual closing date.

### Note 11.2.4 Impairment losses

Impairment on intangible assets (excluding software) and other impairment are shown under the "impairment losses" line item of the income statement.

Impairment tests on intangible assets (excluding software) led the Group to record impairment losses on the following intangible assets in 2021 and 2022:

An increase or decrease in probability of success could significantly impact the value of the asset tested:

- a 5-point increase in the probability would increase the recoverable value by €27 million;
- a 5-point decrease in the probability would reduce the recoverable value by €27 million.

The Group has performed sensitivity analyses based on a change of only one parameter. As a result, these sensitivity analyses correspond to a mechanical calculation method that does not reflect a consistent change in all parameters (regulatory and commercial) nor does it incorporate additional measures the Group could take in such circumstances.

The impairment test results led to an additional €55 million impairment of the palovarotene intangible asset. The net carrying amount of the intangible asset palovarotene totaled €217 million as of 31 December 2022.

**Note 11.3 Breakdown of intangible assets by asset type**

<i>(in millions of euros)</i>	31 December 2022			31 December 2021		
	Gross value	Amortization & impairment	Net value	Gross value	Amortization & impairment	Net value
Brands and Trademarks	0.7	(0.5)	0.2	67.1	(57.8)	9.3
Licenses	1,535.9	(693.7)	842.2	1,432.0	(618.2)	813.8
Research acquired	1,505.8	(855.0)	650.8	1,194.9	(711.9)	483.0
Patents	5.8	(5.8)	—	9.5	(9.5)	—
Software	125.4	(85.2)	40.2	151.8	(112.9)	38.9
Other intangible assets	0.3	(0.3)	0.1	4.3	(3.9)	0.3
Intangible assets in progress	52.0	—	52.0	24.7	—	24.7
<b>TOTAL</b>	<b>3,225.9</b>	<b>(1,640.5)</b>	<b>1,585.4</b>	<b>2,884.2</b>	<b>(1,514.2)</b>	<b>1,370.0</b>
<b>Of which impairment losses</b>		<b>(957.3)</b>			<b>(865.8)</b>	

As of 31 December 2022, the Group has a net total carrying value of €651.3 million in “Licenses” not yet amortized classified under “Intellectual Property” (€483.4 million in 2021).

**Note 12 Property, plant & equipment**

Property, plant and equipment items are accounted for at acquisition price, at fair value for business combinations, or at production cost less cumulative depreciation and any impairment loss.

Subsequent costs are included in the asset's carrying value, or, if applicable, they are recognized as a separate asset if the future economic benefits associated with the asset are likely to go to the Group, and the cost of the asset can be measured reliably.

Depreciation is usually calculated on a straight-line basis over the assets' estimated useful lives. For fixtures and fittings related to lease assets, the Group determines their lease term in line with the term of the leases themselves. Some industrial assets are depreciated based on production volumes.

Estimated useful lives are as follows:

- buildings, fixtures and fittings 5 to 30 years
- industrial plant & equipment 5 to 10 years
- other property, plant and equipment 3 to 10 years

Land is not depreciated.

Residual values and the duration of the assets' useful lives are revised and, if applicable, adjusted at each closing.

The carrying value of an asset is depreciated immediately to bring it back to its recoverable amount when the asset's carrying value is greater than its estimated recoverable amount.

Property, plant and equipment are also tested for impairment any time an event or change in circumstance signals that these accounting values may not be recoverable in accordance with IAS 36 – Impairment of assets.

Impairment losses on property, plant and equipment are reported together with losses on intangible assets and losses on goodwill under the "impairment losses" line item in the income statement.

The gains and losses on disposals of assets, included in other operating income and expenses, are determined by comparing proceeds from disposals with the carrying value of the disposed asset.

**Note 12.1** Property, plant and equipment movements

<i>(in millions of euros)</i>	Lands	Buildings	Equipment and tools	Other assets	Tangible assets in progress	Total property, plant and equipment
<b>Gross value at 01 January 2021</b>	<b>21.7</b>	<b>552.3</b>	<b>392.4</b>	<b>139.4</b>	<b>90.6</b>	<b>1,196.5</b>
Acquisitions / increases	0.1	26.6	2.9	14.5	51.8	96.0
Disposals / decreases	—	(11.5)	(10.3)	(11.8)	—	(33.7)
Foreign exchange differences	0.2	15.6	11.5	4.7	2.1	34.1
Transfers and other movements	0.1	13.9	15.7	5.1	(37.7)	(2.9)
<b>Gross value at 31 December 2021</b>	<b>22.1</b>	<b>596.9</b>	<b>412.3</b>	<b>151.9</b>	<b>106.7</b>	<b>1,290.0</b>
Change in scope	(3.9)	(98.2)	(108.7)	(12.4)	(3.0)	(226.1)
Acquisitions / increases	—	18.1	3.2	10.3	69.3	101.1
Disposals / decreases	(2.1)	(64.1)	(14.5)	(19.6)	—	(100.3)
Foreign exchange differences	(0.1)	2.4	(5.9)	—	(2.0)	(5.6)
Transfers and other movements	0.7	9.5	8.9	5.0	(24.4)	(0.3)
<b>Gross value at 31 December 2022</b>	<b>16.8</b>	<b>464.7</b>	<b>295.3</b>	<b>135.3</b>	<b>146.7</b>	<b>1,058.7</b>
<b>Amortization and impairment at 01 January 2021</b>	<b>(3.3)</b>	<b>(254.3)</b>	<b>(224.7)</b>	<b>(66.0)</b>	<b>(1.5)</b>	<b>(549.9)</b>
Amortization	(0.6)	(44.8)	(24.0)	(21.4)	—	(90.7)
Impairment losses <sup>(1)</sup>	—	(13.4)	0.5	(1.8)	—	(14.7)
Disposals / decreases	—	9.3	7.4	10.2	—	26.9
Foreign exchange differences	(0.1)	(6.9)	(5.1)	(2.2)	—	(14.2)
Transfers and other movements	—	(0.1)	(0.2)	0.4	—	0.1
<b>Amortization and impairment at 31 December 2021</b>	<b>(3.9)</b>	<b>(310.2)</b>	<b>(246.1)</b>	<b>(80.8)</b>	<b>(1.5)</b>	<b>(642.5)</b>
Change in scope	1.5	75.2	77.7	9.7	0.1	164.2
Amortization	(0.5)	(41.1)	(21.4)	(20.1)	—	(83.1)
Impairment losses <sup>(1)</sup>	—	(6.5)	0.2	(0.1)	—	(6.4)
Disposals / decreases	1.4	56.0	14.4	19.0	0.1	90.8
Foreign exchange differences	—	(2.8)	2.7	(0.4)	—	(0.4)
Transfers and other movements	—	0.4	(1.0)	0.8	—	0.2
<b>Amortization and impairment at 31 December 2022</b>	<b>(1.6)</b>	<b>(228.9)</b>	<b>(173.6)</b>	<b>(71.9)</b>	<b>(1.3)</b>	<b>(477.3)</b>
<b>Net value at 31 December 2021</b>	<b>18.2</b>	<b>286.7</b>	<b>166.1</b>	<b>71.2</b>	<b>105.2</b>	<b>647.5</b>
<b>Net value at 31 December 2022</b>	<b>15.2</b>	<b>235.8</b>	<b>121.7</b>	<b>63.4</b>	<b>145.3</b>	<b>581.4</b>

(1) Changes relating to impairment losses on property, plant and equipment are shown on the "Other operating income/(expenses)" line item in the 2022 income statement.

In 2022, acquisitions of property, plant and equipment totaled €101.1 million, compared with €96.0 million in 2021.

The increase in acquisitions resulted primarily from investments in the Group's industrial sites in 2021 in France, in Ireland, in the United Kingdom and in the United States to grow production capacity.

Changes in scope during the year primarily corresponded to the sale of property, plant and equipment from the Consumer Healthcare Business totaling a net carrying amount of €73.8 million.

### Note 12.2 Rights of use of leased assets

Leases are accounted for using a single recognition model that leads to a right of use being recognized for an asset under property, plant and equipment and lease liabilities recorded in "Current financial liabilities" or "Non-current financial liabilities". The Group recognizes leases in the balance sheet as soon as the lease is created for the discounted value of future cash outflows. They are amortized according to the lease term of the agreement, which corresponds to the economic life of similar tangible assets.

Amortization expenses are accounted for in the income statement under each line of Operating income that involves leases ("Cost of goods sold", "Selling expenses", "Research and development expenses", etc.) and interest expenses in "Net financing costs".

The Group has two main types of leases — property leases and vehicle leases. In accordance with options authorized by the standard, lease agreements with a term of less than 12 months or leases with an asset value totaling less than 5 thousand U.S. dollars are not recognized under assets in the balance sheet.

Commercial lease reviews rely on contractual provisions to determine which assumptions to use to estimate rights-of-use assets or lease liabilities.

- The term of the lease used corresponds to the non-cancellable period defined in the agreement, unless the Group is reasonably sure it will renew the lease.
- The Group has assessed the term of the lease used for properties in line with the term used for depreciating fixtures and fittings recognized as an asset for these properties.
- The Group measures lease liabilities from lease agreements at the present value of remaining lease payments and discounts using each lease agreement's incremental borrowing rate and taking into account the remaining term of the lease commitment. The Group applies the marginal incremental interest rate and uses a swap curve adjusted for Ipsen's financing spread depending on the currency zone where the lease operates.
- Ipsen applies a discount rate based on the amortization schedule of these payments.

In accordance with the standard, Ipsen applies IFRS 16 provisions to all lease agreements except low value (less than US \$5 thousand) and/or short-term (less than twelve months) agreements. Payments related to lease agreements (rent) receiving the exemption are recognized as operating expenses.

<i>(in millions of euros)</i>	Real estate	Cars	Other	Total assets rights of use
<b>Net value at 31 December 2021</b>	<b>90.5</b>	<b>10.2</b>	<b>0.4</b>	<b>101.1</b>
Change in scope	8.1	(0.4)	(0.6)	7.2
Acquisitions / increases	11.9	5.2	—	17.1
Disposals / decreases	(0.7)	(0.6)	—	(1.3)
Impairment / amortization (1)	(35.4)	(7.6)	0.3	(42.7)
Foreign exchange differences	1.7	0.2	—	2.0
Transfers and other movements	—	—	—	—
<b>Net value at 31 December 2022</b>	<b>76.2</b>	<b>7.1</b>	<b>—</b>	<b>83.2</b>

An analysis of lease liabilities is shown in note 20.

As of 31 December 2022, amortization of lease assets amounted to a €29.3 million expense under the "Other operating expenses" line item in the income statement. Depreciation totaled a €6.7 million net expense in the income statement.

As of 31 December 2022, interest expense in the income statement amounted to €3.0 million.

For 2022, cash outflows amounted to €34.7 million. It is shown in the Statement of Cash Flows under "Net change in short-term borrowings".

## Note 13 Equity investments

IFRS 9 provides an option to classify equity instruments irrevocably on an instrument-by-instrument basis as instruments measured at fair value through other comprehensive income, as long as these instruments meet the IAS 32 definition of equity.

The Group opted to irrevocably classify its investments in non-consolidated companies in this category, as they represent equity instruments. They are measured at fair value through equity without later recycling gains or losses to the income statement. These financial assets are presented under "Equity investments". The associated dividends are recognized in the income statement.

The shares the Group owns in investment funds do not meet the definition of equity instruments, but do meet the definition of debt instruments instead; these shares are recorded in assets for the amount of fair value and changes in fair value are recognized in the income statement.

For investments in listed equity instruments, fair value is the quoted market price. For investments in unlisted equity instruments, fair value is determined by referring to recent market transactions or using a valuation technique that provides reliable and objective price estimates in line with those used by other players active in the market.

<i>(in millions of euros)</i>	Equity investments at fair value through other comprehensive income	Equity investments at fair value through profit and loss	Equity investments
<b>31 December 2021</b>	<b>50.8</b>	<b>56.0</b>	<b>106.9</b>
Change in fair value	0.7	2.6	3.3
Increase	—	7.8	7.8
Disposals / decrease	(2.5)	(6.2)	(8.7)
Other movements including foreign exchange differences	0.4	0.2	0.6
<b>31 December 2022</b>	<b>49.4</b>	<b>60.4</b>	<b>109.8</b>

### Note 13.1 Equity investments at fair value through other items of comprehensive income

Changes in fair value of these equity investments mainly corresponded to an increase in the fair value of shares in Rhythm Pharmaceuticals Inc. for €15.5 million, which offset decreases in fair value, particularly for Xilio Therapeutics -€5.3 million, Pyxis Oncology -€4.4 million, Satosea -€3.2 million and Genfit for -€1.4 million.

The decreases mainly related to the sale of Radius shares totaling €2.5 million.

### Note 13.2 Equity investments at fair value through profit/(loss)

Acquisitions mainly included payments made to Agent Capital Funds I and II for €7.8 million.

Decreases mostly corresponded to distributions received by Agent Capital Funds I for €6.2 million.

The change in fair value of these shares primarily related to the increase in fair value of Agent Capital Funds I for €4.4 million, partially offset by a decline in fair value of Innobio FCPI (innovation mutual funds) for -€(1.4) million.

## Note 14 Investments in equity-accounted companies

Goodwill arising from the acquisition of an equity-accounted company is included in the carrying amount of the equity-accounted investment. The costs directly related to the combination are included in the measurement of the investment acquisition price.

For impairment losses related to the goodwill and intangible assets of equity-accounted companies, goodwill and impairment losses are recognized under "Share of income from equity-accounted companies."

<i>(in millions of euros)</i>	31 December 2021	Movements during the year				31 December 2022
		Acquisition	Divestiture	Net profit/(loss) of the period	Foreign exchange differences and other movements	
Investments accounted for using the equity method	26.2	—	—	(1.3)	1.6	26.4

As of 31 December 2022, the Group owns a 50% interest in Linnea S.A., and 13.7% interest in Bakx Therapeutics Inc. Both companies were consolidated using the equity method (joint venture).

The information below corresponds to financial statement data for equity-accounted companies, prepared using the Group's accounting policies (for amounts up to 100%):

<i>(in millions of euros)</i>	31 December 2022			
	Assets	Liabilities, excluding shareholders' equity	Sales	Net profit/(loss) for the year
Linnea S.A.	33.2	7.6	25.3	(0.6)
Bakx Therapeutics Inc.	19.0	1.2	2.4	(5.9)
<b>Total</b>	<b>52.2</b>	<b>8.7</b>	<b>27.6</b>	<b>(6.5)</b>

The Ipsen Group is aware of an anti-competitive practice investigation that was initiated in 2019 against Linnea. Following interactions with the authorities with respect to the allegations made, Linnea has recorded a certain contingency provision in its accounts.

## Note 15 Other non-current assets and liabilities

<i>(in millions of euros)</i>	31 December 2022	31 December 2021 <sup>(1)</sup>
Liquidity agreement	1.9	1.3
Deposits paid	4.2	2.9
<b>Total other non-current assets</b>	<b>6.1</b>	<b>4.3</b>
Non-current deferred income	40.6	45.8
Contingent liabilities related to business combinations	63.1	109.3
<b>Total other non-current liabilities</b>	<b>103.7</b>	<b>155.1</b>

(1) Data for 2021 has been restated following the change in presentation of assets and liabilities related to contingent payments (see note 2.2 of the accounting principles). Liabilities associated with contingent payments (totaling €109.3 million) have been reclassified from the "Non-current financial liabilities" line item to the "Other non-current liabilities" line item and €45.1 million was reclassified from the "Current financial liabilities" line item to the "Other current liabilities" line item.

In 2022, contingent liabilities related to business combinations included the Contingent Value Right (CVR) resulting from the acquisition of Epizyme for €54.2 million (see note 3.1).

Contingent liabilities related to business combinations at the opening were reclassified in "other current liabilities". Their settlement is planned for 2023.

## Note 16 Current assets and liabilities

### Note 16.1 Inventories

Inventories are measured at the lower of cost and net realizable value. The internal cost price is determined using the weighted average cost method.

Net realizable value is the estimated selling price in the normal course of business, less the estimated costs necessary to make the sale.

The cost of finished goods includes all purchasing costs, transformation costs and other costs incurred to ship inventories to their present location and in their current condition.

(in millions of euros)	31 December 2022			31 December 2021
	Gross value	Depreciations	Net value	Net value
Raw materials and supplies	54.8	(8.4)	46.4	59.0
Work in progress	146.6	(9.3)	137.3	51.5
Finished goods	103.6	(3.2)	100.4	108.9
<b>Total</b>	<b>304.9</b>	<b>(20.9)</b>	<b>284.1</b>	<b>219.4</b>

Changes during the period mainly included €86.4 million related to new entities joining the Group's scope of consolidation, and €42.7 million related to the sale of stocks in the Consumer Healthcare Business.

### Note 16.2 Trade receivables

The Group uses the expected loss model, as introduced by IFRS 9 – *Financial Instruments*, for its trade receivables. The impairment allowance for trade receivables is based on a historical loss rate observed over the three previous years on a receivable-by-receivable basis and adjusted for prospective events that take into account individualized credit risks and the economic outlook of the relevant market.

(in millions of euros)	31 December 2022	31 December 2021
Gross value	637.1	569.6
Depreciation	(4.6)	(5.4)
<b>Net value</b>	<b>632.5</b>	<b>564.3</b>

The increase in trade receivables was due to improvement in the Group's performance. Changes during the period also included €20.1 million related to foreign exchange impacts and €49.3 million from disposing of receivables from the Consumer Healthcare Business.

(in millions of euros)	Total overdue trade receivables - gross value	Trade receivables < 3 months	Trade receivables from 3 to 6 months	Trade receivables from 6 to 12 months	Trade receivables > 12 months
31 December 2022	59.0	41.3	6.1	5.4	6.2
31 December 2021	8.8	(4.3)	0.8	5.8	6.6

### Note 16.3 Trade payables

(in millions of euros)	31 December 2022	31 December 2021
Trade payables	647.1	594.7

Changes during the period mainly included:

- €8.9 million related to foreign exchange impacts;
- €44.1 million related to the Epizyme acquisition;
- €35.9 million pertaining to the disposal of receivables from the Consumer Healthcare Business.



### Note 16.4 Other current assets

<i>(in millions of euros)</i>	31 December 2022	31 December 2021 <sup>(1)</sup>
Contingent assets related to business combinations	41.4	42.4
Advance payments to suppliers	13.0	9.8
Prepayments	77.5	68.0
Recoverable VAT	69.3	77.4
Other assets	38.3	23.4
<b>Total other current assets</b>	<b>239.6</b>	<b>221.0</b>

(1) Data related to 2021 has been restated following the change in presentation of assets and liabilities related to the contingent payments (see note 2.2 in the accounting principles). Assets related to contingent payments have been reclassified from the "Current financial assets" line item to the "Other current assets" line item for €42.4 million

### Note 16.5 Other current and non-current liabilities

<i>(in millions of euros)</i>	31 December 2022	31 December 2021 <sup>(1)</sup>
Amounts due to non-current asset suppliers	42.5	135.7
Employment-related liabilities	197.8	198.2
VAT payable	34.8	37.6
Other current tax liabilities (excluding VAT and Corporate Tax)	16.7	18.4
Current deferred income	5.2	6.0
Contingent liabilities related to business combinations	197.3	45.1
Other liabilities	9.0	5.8
<b>Total other current liabilities</b>	<b>503.3</b>	<b>446.8</b>

(1) Data related to 2021 has been restated following the change in presentation of assets and liabilities related to the contingent payments (see note 2.2 in the accounting principles). Assets related to contingent payments (totaling €109.3 million) have been reclassified from the "Non-current financial liabilities" line item to the "Other non-current liabilities" line item and €45.1 million has been reclassified from the "Current financial assets" line item to the "Other current assets" line item.

The change in fair value of contingent liabilities related to business combinations includes the revaluation of the probabilities of success of milestone payments related to the intangible asset Onivyde under the NAPOLI III trial.

The decrease in "Amounts due to non-current asset suppliers" as of 31 December 2021 was due to receiving €87.9 million in undisbursed milestone payments as part of Ipsen's partnership with Exelixis, which was disbursed in 2022.

## Note 17 Cash and cash equivalents

Cash includes cash on hand in demand deposits with banks.

Cash equivalents include term deposits, short-term, highly liquid investments (with a maturity of less than three months), and are subject to an insignificant risk of changes in value in the event of interest rate fluctuations.

Cash equivalents are classified as financial assets at fair value held for transactions. They are measured at fair value and any changes are recognized in the income statement. Given the nature of these assets, their fair value is generally close to their net carrying value.

<i>(in millions of euros)</i>	31 December 2022	31 December 2021
Cash	528.6	323.0
Cash equivalents	640.7	491.6
Bank overdrafts	(3.8)	(5.5)
<b>Total cash</b>	<b>1,165.5</b>	<b>809.1</b>

## Note 18 Consolidated shareholders' equity

### Note 18.1 Share capital

As of 31 December 2022, Ipsen's share capital comprised 83,814,526 ordinary shares each with a par value of €1, including 48,275,297 shares with double voting rights, compared with 83,814,526 ordinary shares each with a par value of €1, including 48,311,316 shares with double voting rights as of 31 December 2021.

### Note 18.2 Earnings per share

Basic earnings per share was calculated by dividing consolidated net profit for the year attributable to Ipsen S.A. shareholders by the weighted average number of shares outstanding during the period.

The weighted average number of shares outstanding is calculated according to movements in share capital, less any treasury shares held by the Group.

Diluted earnings per share was calculated by dividing consolidated net profit for the year attributable to equity holders of Ipsen S.A. by the weighted average number of ordinary shares outstanding plus any potentially dilutive ordinary shares not yet issued.

#### Bonus share plans

As of 31 December 2022:

- bonus shares granted by the plans dated 29 May 2020 (2nd tranche deliverable in 2023), 29 July 2020, and 27 May 2021 and 24 May 2022 are not included in the weighted average number of shares used to calculate basic income;
- bonus shares granted by the plan dated 29 May 2020 (2nd tranche deliverable in 2023) as well as the portion of bonus shares not subject to performance conditions in the 29 July 2020, 29 July 2020, 27 May 2021, and 24 May 2022 plans are included in calculating the weighted average number of shares from diluted earnings.

<i>(in millions of euros/number of shares)</i>	31 December 2022	31 December 2021
Net profit from continuing operations - attributable to Ipsen S.A. shareholders	593.4	631.2
Net profit from discontinued operations - attributable to Ipsen S.A. shareholders (1)	55.2	15.3
<b>Consolidated net profit - attributable to Ipsen S.A. shareholders</b>	<b>648.6</b>	<b>646.6</b>
Number of ordinary shares at start of year	83,814,526	83,814,526
Treasury shares (weighted average number)	(1,400,722)	(1,167,170)
<b>Weighted average number of shares outstanding during the year</b>	<b>82,413,804</b>	<b>82,647,356</b>
<b>Basic earnings per share (in euros)</b>	<b>€7.87</b>	<b>€7.82</b>
Basic earnings per share, continuing operations (in euros)	€7.20	€7.64
Basic earnings per share, discontinued operations (in euros) (1)	€0.67	€0.19
Weighted average number of shares outstanding during the year	82,413,804	82,647,356
Dilutive effect of bonus shares	684,041	711,070
<b>Weighted average number of shares outstanding to calculate diluted earnings per share</b>	<b>83,097,845</b>	<b>83,358,426</b>
<b>Diluted earnings per share (in euros)</b>	<b>€7.81</b>	<b>€7.76</b>
Diluted earnings per share, continuing operations (in euros)	€7.14	€7.57
Diluted earnings per share, discontinued operations (in euros) (1)	€0.66	€0.18

(1) Data published for 2021 has been restated to account for the impacts associated with the disposal of the Consumer Healthcare Business (see note 3.2 to the consolidated financial statements for the year ended 31 December 2022).

### Note 18.3 Distributions

		31 December 2022	31 December 2021
Distribution payout (in euros)	(a)	99,315,157	82,891,813
Number of shares on the payment date	(b)	82,762,631	82,891,813
<b>Distribution per share (in euros)</b>	<b>(a)/(b)</b>	<b>1.20</b>	<b>1.00</b>

## Note 19 Provisions

Provisions are recognized in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* to cover all liabilities to third parties that are neither financial guarantees nor commitments but are likely or certain to cause an outflow of resources embodying economic benefits, provided the amount of the provision can be reliably estimated.

These provisions are estimated based on the most likely assumptions at the closing date. In the case of restructurings,

a liability is recorded as soon as the restructuring has been announced and the Group has drawn up or started to implement a detailed restructuring plan.

Provisions are discounted if the time value is material. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks inherent to the liability. The provision increase resulting from the restatement at historical value is recorded as a financial expense.

<i>(in millions of euros)</i>	Provisions for business and operating risks	Provision for restructuring costs	Other provisions	Total Provisions
<b>31 December 2020</b>	<b>9.7</b>	<b>38.1</b>	<b>29.9</b>	<b>77.7</b>
Charges	6.1	19.0	44.0	69.1
Applied reversals	(3.9)	(20.4)	(1.3)	(25.6)
Released reversals	(1.9)	(6.9)	(7.6)	(16.4)
Foreign exchange differences, transfers and other movements	—	0.6	0.1	0.8
<b>31 December 2021</b>	<b>10.0</b>	<b>30.5</b>	<b>65.1</b>	<b>105.6</b>
Charges	16.7	14.6	25.1	56.4
Applied reversals	(5.3)	(9.0)	(2.4)	(16.6)
Released reversals	(1.2)	—	(13.9)	(15.1)
Changes in consolidation scope	(0.7)	(9.3)	(1.1)	(11.0)
Foreign exchange differences, transfers and other movements	0.1	0.1	4.8	4.9
<b>31 December 2022</b>	<b>19.6</b>	<b>26.9</b>	<b>77.7</b>	<b>124.2</b>
of which non-current	7.8	5.8	54.9	68.5
of which current	11.8	21.1	22.8	55.6

As of 31 December 2022, provisions broke down as follows:

- **Business and operating risks**

These provisions included certain risks of an economic nature reflecting costs that the Group could be brought to bear to terminate commercial contracts and research studies or resolve various commercial disagreements.

- **Provisions for restructuring costs**

These provisions mainly corresponded to costs incurred by the Group to adapt its structure, transformation costs for Epizyme as well as costs to relocate the Onivyde manufacturing site from Cambridge (Massachusetts, United States) to Signes, France.

Allowances and reversals during 2022 were recognized in Operating Income.

- **Other provisions**

These provisions included, in particular, the risk of additional taxes on certain items from tax reassessment by local authorities that certain Group subsidiaries may be required to pay (not including corporate income tax).

## Note 20 Financial assets and liabilities

### Note 20.1 Financial assets

Financial assets, excluding cash and derivative financial assets used for hedging purposes, are classified in one of the three following categories:

- financial assets at amortized cost;
- financial assets at fair value through other items of comprehensive income;
- financial assets at fair value through profit or loss.

The Group classifies financial assets upon initial recognition based on the characteristics of their contractual cash flows and the Group's management model.

#### Note 20.1.1 Financial assets at amortized cost

Financial assets at amortized cost primarily comprise Group issued loans and receivables.

The Group uses the effective interest rate method to calculate interest income from financial assets.

#### Note 20.1.2 Financial assets at fair value through other items of comprehensive income

Financial assets at fair value through other comprehensive income primarily consist of non-consolidated equity interests. Related dividends are recorded in the income statement. If a sale is involved, accumulated gains and losses in shareholders' equity are not recycled into the income statement.

#### Note 20.1.3 Financial assets at fair value through profit/(loss)

Financial assets at fair value through profit or loss mainly include:

- short-term investments. These investments are held for trading purposes and do not meet the classification criteria for cash equivalents (as per IAS 7 – *Statement of Cash Flows*), but which nonetheless show limited volatility;
- interests the Group owns in investment funds. The interests held in these funds do not meet the definition of equity instruments but do meet the definition of debt instruments instead;

	31 December 2021	New assets / Increases	Repayments / Decreases	Change in fair value	Other movements including foreign exchange differences	31 December 2022
<i>(in millions of euros)</i>						
<b>Non-current financial assets</b>	<b>0.1</b>	<b>0.1</b>	—	—	—	<b>0.1</b>
Derivatives instruments	11.7	—	—	19.3	—	31.0
Other current financial assets	—	—	—	—	—	—
Current financial assets	11.7	—	—	19.3	—	31.0
<b>Total financial assets</b>	<b>11.8</b>	<b>0.1</b>	—	<b>19.3</b>	—	<b>31.1</b>

(1) Data related to 2021 has been restated to account for the change in presentation of assets and liabilities associated with contingent payments (see note 2.2 of the accounting principles). Assets related to contingent payments totaling €42.4 million have been reclassified from the "Other financial assets" line item to the "Other current assets" line item.

## Note 20.2 Financial liabilities

Financial liabilities include loans and are initially recognized at fair value. They are then recognized using the amortized cost method based on the effective interest rate.

<i>(in millions of euros)</i>	31 December 2021	New loans / Increases	Repayments / Decreases	Change in fair value	Other movements including foreign exchange differences	31 December 2022
Bonds and bank loans	562.8	—	—	—	18.9	581.8
Lease liabilities	95.0	16.9	(10.1)	—	(19.9)	82.0
Other financial liabilities	5.1	1.3	(1.1)	—	(2.0)	3.3
<b>Non-current financial liabilities (measured at amortized cost)</b>	<b>662.9</b>	<b>18.2</b>	<b>(11.3)</b>	<b>—</b>	<b>(2.9)</b>	<b>667.0</b>
Contingent liabilities related to business combinations	—	—	—	—	—	—
<b>Non-current financial liabilities (measured at fair value)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Non-current financial liabilities</b>	<b>662.9</b>	<b>18.2</b>	<b>(11.3)</b>	<b>—</b>	<b>(2.9)</b>	<b>667.0</b>
Credit lines and bank loans	—	—	—	—	—	—
Lease liabilities	29.8	—	(34.7)	—	32.5	27.7
Other financial liabilities	88.4	1,212.0	(1,227.5)	—	0.2	73.1
<b>Current financial liabilities (measured at amortized cost)</b>	<b>118.2</b>	<b>1,212.0</b>	<b>(1,262.1)</b>	<b>—</b>	<b>32.7</b>	<b>100.8</b>
Contingent liabilities related to business combinations	—	—	—	—	—	—
Derivative financial instruments	11.5	—	—	1.5	—	13.0
<b>Current financial liabilities (measured at fair value)</b>	<b>11.5</b>	<b>—</b>	<b>—</b>	<b>1.5</b>	<b>—</b>	<b>13.0</b>
<b>Current financial liabilities</b>	<b>129.7</b>	<b>1,212.0</b>	<b>(1,262.1)</b>	<b>1.5</b>	<b>32.7</b>	<b>113.8</b>
<b>Total financial liabilities</b>	<b>792.6</b>	<b>1,230.3</b>	<b>(1,273.4)</b>	<b>1.5</b>	<b>29.8</b>	<b>780.8</b>

(1) Additions and repayments of other current financial liabilities measured at amortized cost primarily included commercial paper.

(2) Data related to 2021 has been restated after changing the presentation of assets and liabilities linked to contingent payments (see note 2.2 of the accounting principles). The €109.3 million in liabilities associated with contingent payments have been reclassified from the "Non-current financial liabilities" line item to the "Other non-current liabilities" line item, then €45.1 million in liabilities were reclassified from "Current financial liabilities" to "Other current liabilities".

The Group's financing mainly includes:

- a €300 million, unsecured, seven-year public bond taken out on 16 June 2016 with a coupon at an annual interest rate of 1.875%;
- a \$300 million long-term U.S. Private Placement (USPP) taken out on 23 July 2019 in two tranches with 7- and 10-year maturities;
- a €1.5 billion Revolving Credit Facility (RCF) taken out on 24 May 2019. The new Revolving Credit Facility initially matured in five years and had two one-year extension options, exercised in 2020 and 2021, respectively, extending the maturity to May 2026. As of 31 December 2021, the RCF was no longer used;
- a €600 million commercial paper program (NEU CP – Negotiable European Commercial Paper), €65 million of which has been drawn as of 31 December 2022.

The Group was fully compliant with its covenant ratio for the RCF and the USPP.

Other transactions included €20.7 million in foreign exchange differences, €13.5 million in scope of consolidation entrances, and reclassifications between non-current and current liabilities.

## Note 21 Financial risks, hedge accounting and fair value of financial instruments

### Note 21.1 Financial risks

#### Note 21.1.1 Foreign exchange exposure

Part of the Group's business is conducted in countries where the euro, the Group's reporting currency, is the functional currency. Nevertheless, owing to its international business scope, the Group is exposed to exchange rate fluctuations that can affect its results.

Transactional foreign exchange risk

The Group's hedging policy aims to protect operating income from foreign exchange rate fluctuations compared to its company forecasts. Accordingly, the effective portion of the hedge is recorded in operating income. The Group hedges its main foreign currencies, including the USD, GBP, CNY, CHF, AUD, and BRL).

A 10% increase or decrease in the U.S. dollar, the pound sterling, and the Chinese yuan against the euro (the main currencies in which the Group operates) would impact sales by plus 5% or minus 4%, and Group Operating income by plus 5% or minus 4%.

The Group's policy is not aimed at carrying out derivative financial instrument transactions for speculative gain.

Foreign exchange risk

Financing foreign exchange risk is related to financing contracted in a currency other than the functional currencies of Group entities. To consolidate this risk, the Group usually labels intercompany financing in the borrowing subsidiary's functional currency.

The Group hedges financial current accounts denominated in the functional currencies of its subsidiaries through financial instruments that match current account balances. These include currency swaps and loans and borrowings contracted from counterparty banks.

#### Note 21.1.2 Interest Rate Exposure

The Group's funding consists of a fixed-rate debt from bond debts (bonds and U.S. Private Placement – USPP), as well as variable-rate debt from revolving credit facilities and a commercial paper program (NEU CP – Negotiable European Commercial Papers).

#### Note 21.1.3 Liquidity and counterparty risk

The Group's policy involves diversifying its business counterparties to avoid risks by spreading out revenue streams and choosing these counterparties wisely. In addition, the Group monitors the credit risks associated with

the financial instruments it invests in by selecting its investments according to the credit rating of its business counterparties. The Group manages these funds and mainly invests them as fixed-term investments (term deposits and term accounts). The Group invests its surpluses in short-term money-market financial instruments negotiated with counterparties whose credit ratings are at least investment grade.

### Note 21.2 Hedge accounting

As part of its overall strategy for managing foreign exchange risk, the Group buys and sells derivative financial instruments (primarily currency futures) to manage and reduce the risk to exchange rate fluctuations. The Group only works with first-class financial institutions. Hedge accounting is applied to instruments formally designated as such and requires well-organized and detailed documentation from their inception, in accordance with IFRS 9 – *Financial Instruments*.

The Group also sets up net investment hedge transactions in foreign countries and have accounted for them in a similar way as cash flow hedges. Exchange rate exposure in foreign subsidiaries has been hedged with debt instruments.

The Group has not set up any interest rate swaps.

In addition, the Group has not designated any derivative instruments as fair value hedge.

Changes in fair value of the hedging instrument are recorded:

- as equity in the comprehensive income statement, for the effective portion of the hedging relationship, then are recycled in the income statement under "Other operating income/(expenses)" when the hedged transaction falls under hedged operating activities and is completed;
- as "Other financial income/(expenses)" for the ineffective portion, which includes swap points and foreign currency basis spread components of foreign exchange contracts.

When the Group does not expect to complete a planned transaction any longer, the cumulative gains and losses previously recognized as equity are immediately recorded under income.

Derivative instruments that do not qualify as hedge accounting are initially and subsequently measured at fair value. Any changes in fair value are recognized in "Other financial income and expenses".

As of 31 December 2022 and 31 December 2021, derivative financial instruments held by the Group broke down as follows:

(in millions of euros)		31 December 2022						31 December 2021		
		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
<b>Exchange rate risk hedging - Business transactions</b>										
Put forward contracts	Cash Flow Hedge	811.4	24.1	(6.6)	811.4	—	—	610.1	8.4	(10.1)
Put option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Seller at maturity foreign exchange swaps	Cash Flow Hedge	130.2	3.9	(0.3)	130.2	—	—	57.9	0.2	(0.4)
Call forward contracts	Cash Flow Hedge	155.4	0.1	(1.7)	155.4	—	—	138.9	2.1	—
Call option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Cash Flow Hedge	101.1	0.4	(2.8)	101.1	—	—	43.6	0.4	(0.2)
<b>Total business transactions</b>		<b>1,198.2</b>	<b>28.4</b>	<b>(11.4)</b>	<b>1,198.2</b>	<b>—</b>	<b>—</b>	<b>850.5</b>	<b>11.1</b>	<b>(10.7)</b>
<b>Exchange rate risk hedging - Financial transactions</b>										
Put forward contracts	Non-hedging derivatives	39.7	2.4	(0.3)	39.7	—	—	—	—	—
Seller at maturity foreign exchange swaps	Non-hedging derivatives	202.6	0.1	(0.8)	202.6	—	—	124.2	0.1	(0.5)
Call forward contracts	Non-hedging derivatives	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Non-hedging derivatives	606.9	—	(0.5)	606.9	—	—	266.9	0.6	(0.2)
<b>Total financial transactions</b>		<b>849.2</b>	<b>2.5</b>	<b>(1.6)</b>	<b>849.2</b>	<b>—</b>	<b>—</b>	<b>391.1</b>	<b>0.7</b>	<b>(0.7)</b>
<b>Total hedging of business and financial transactions</b>		<b>2,047.4</b>	<b>30.9</b>	<b>(13.0)</b>	<b>2,047.4</b>	<b>—</b>	<b>—</b>	<b>1,241.6</b>	<b>11.7</b>	<b>(11.5)</b>

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

As of 31 December 2022, the future cash flow hedge reserve for business transactions came to €24.5 million pre-tax, compared to a reserve of €2.3 million pre-tax as of 31 December 2021.

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

As of 31 December 2022, financial instruments used for future cash flow hedges on business transactions negatively impacted Operating income in the amount of €(28.0) million.

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

As of 31 December 2022, the impact of financial instruments used for future cash flow hedges recognized in Net financial income/(expense) came to a (€21.3) million expense.

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

As of 31 December 2022, the impact of financial instruments not qualified for future cash flows is included in the "Foreign exchange gain/(loss) on non-operating activities" line item in net financial income/(expense) and came to €(9.3) million as of 31 December 2022. The impact of these financial instruments in "Net financial income/(expense)" came to €4.7 million over the period.

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

As of 31 December 2022, the net investment hedge reserve accounted for a €(17.3) million expense before tax.

### Note 21.3 Fair value of financial instruments

The Group measures their financial instruments at fair value. These instruments include derivative instruments, listed and unlisted financial assets and variable payments recognized as part of business combinations.

Financial instruments reported in the balance sheet as of 31 December 2022 break down as follows:

	31 December 2022	Breakdown by financial instrument class - balance sheet value					Level of fair value		
	Carrying value	Fair value through income statement	Financial assets at fair value through other comprehensive income	Assets at amortized cost	Liabilities at amortized cost	Derivative financial instruments	Level 1	Level 2	Level 3
<i>(in millions of euros)</i>									
Equity investments	109.8	60.4	49.4	—	—	—	50.1	—	59.7
Non-current financial assets	0.1	—	—	0.1	—	—	—	—	—
Other non-current assets	6.1	1.9	—	4.2	—	—	1.9	—	—
Trade and account receivables	632.5	—	—	632.5	—	—	—	—	—
Current financial assets	31.0	—	—	—	—	31.0	—	31.0	—
Other current assets	239.5	41.4	—	198.1	—	—	—	—	—
Cash and cash equivalents	1,169.3	1,169.3	—	—	—	—	1,169.3	—	—
<b>ASSETS</b>	<b>2,188.4</b>	<b>1,231.6</b>	<b>49.4</b>	<b>835.1</b>	<b>—</b>	<b>31.0</b>	<b>1,221.3</b>	<b>31.0</b>	<b>59.7</b>
Non-current financial liabilities	667.0	—	—	—	667.0	—	—	—	—
Other non-current liabilities	103.7	63.1	—	—	40.6	—	—	—	—
Current financial liabilities	113.8	—	—	—	100.8	13.0	—	13.0	—
Trade payables	647.1	—	—	—	647.1	—	—	—	—
Other current liabilities	503.3	197.3	—	—	306.0	—	—	—	—
Bank overdrafts	3.8	3.8	—	—	—	—	3.8	—	—
<b>LIABILITIES</b>	<b>2,038.7</b>	<b>3.8</b>	<b>—</b>	<b>—</b>	<b>1,761.5</b>	<b>13.0</b>	<b>3.8</b>	<b>13.0</b>	<b>—</b>

- Level 1: fair value calculated using quoted prices in an active market for identical assets and liabilities;
- Level 2: fair value calculated using valuation techniques based on observable market data such as prices of similar assets and liabilities or parameters quoted in an active market;
- Level 3: fair value calculated using valuation techniques based wholly or partly on unobservable inputs such as prices in an inactive market or a valuation based on multiples for unlisted securities.



Financial instruments recorded in the balance sheet as of 31 December 2021 break down as follows:

	31 December 2021	Breakdown by financial instrument class - balance sheet value						Level of fair value		
	Carrying value	Fair value through income statement	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit/(loss)	Assets at amortized cost	Liabilities at amortized cost	Derivatives	Level 1	Level 2	Level 3
<i>(in millions of euros)</i>										
Equity investments	106.9	—	50.8	56.1	—	—	—	48.7	—	58.2
Non-current financial assets	0.1	—	—	—	0.1	—	—	—	—	—
Other non-current assets	4.3	1.3	—	—	2.9	—	—	1.3	—	—
Trade and account receivables	564.3	—	—	—	564.3	—	—	—	—	—
Current financial assets	11.7	—	—	—	—	—	11.7	—	11.7	—
Other current assets	221.0	42.4	—	—	178.6	—	—	—	—	42.4
Cash and cash equivalents	814.7	814.7	—	—	—	—	—	814.7	—	—
<b>ASSETS</b>	<b>1,722.9</b>	<b>858.4</b>	<b>50.8</b>	<b>56.1</b>	<b>745.9</b>	<b>—</b>	<b>11.7</b>	<b>864.7</b>	<b>11.7</b>	<b>100.5</b>
Non-current financial liabilities	662.8	—	—	—	—	662.8	—	—	—	—
Other non-current liabilities	155.1	109.3	—	—	—	45.8	—	—	—	109.3
Current financial liabilities	129.7	—	—	—	—	118.2	11.5	—	11.5	—
Trade payables	594.7	—	—	—	—	594.7	—	—	—	—
Other current liabilities	446.8	45.1	—	—	—	401.7	—	—	—	45.1
Bank overdrafts	5.5	5.5	—	—	—	—	—	5.5	—	—
<b>LIABILITIES</b>	<b>1,994.7</b>	<b>160.0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,823.2</b>	<b>11.5</b>	<b>5.5</b>	<b>11.5</b>	<b>154.4</b>

(1) Data related to 2021 has been restated after changing the presentation of the assets and liabilities linked to contingent payments (see note 2.2 of the accounting principles). €42.4 million in assets related to contingent payments have been reclassified from the "Current financial assets" line item to the "Non-current financial assets" line item. €109.3 million in liabilities related to contingent payments have been reclassified from the "Non-current liabilities" line item to the "Other non-current liabilities" line item and €45.1 million was reclassified from the "Current financial liabilities" line item to the "Other current liabilities" line item.

## Note 22 Related-party information

### Note 22.1 Director and Executive compensation

In 2022, the total compensation paid to Board and Executive Leadership Team members amounted to €23.8 million, €0.6 million of which was paid to members of the Board of Directors and €23.2 million of which was paid to members of the Executive Leadership Team (see Chapter 5).

Pension and similar benefits for Board members and members of the Executive Leadership Team totaled

€3.2 million as of 31 December 2022, with €1.4 million paid to members of the Board of Directors and €1.8 million paid to Executive Leadership Team members.

### Note 22.2 Related-party transactions

Related-party transactions mainly corresponded to transactions with entities involved in the manufacturing chain for the EGb 761 extract and other plants owned by the Schwabe group.

#### Note 22.2.1 In the income statement

	2022		Income	Operating expenses
	Income	Operating expenses		
<i>(in millions of euros)</i>				
Associated companies	—	—	—	—
Companies over which the Group's executive officers exercise significant influence	—	—	—	(5.7)
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(5.7)</b>

### Note 22.2.2 In the balance sheet

(in millions of euros)	31 December 2022				31 December 2021			
	Other receivables	Trade receivables	Bank loans / Debt	Trade payables	Loans and receivables	Trade receivables	Bank loans / Debt	Trade payables
Associated companies	—	—	—	—	—	—	—	—
Companies over which the Group's executive officers exercise significant influence	1.9	—	—	—	3.3	—	—	(1.3)
<b>Total gross</b>	<b>1.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3.3</b>	<b>—</b>	<b>—</b>	<b>(1.3)</b>
Provisions for doubtful accounts receivable	—	—	—	—	—	—	—	—
<b>Total</b>	<b>1.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3.3</b>	<b>—</b>	<b>—</b>	<b>(1.3)</b>

## Note 23 Commitments and contingent liabilities

### Note 23.1 Operating commitments

Within the scope of its business, and in particular with strategic development operations that lead to partnerships, the Group regularly enters into agreements that may result in potential financial commitments, subject to the completion of certain events.

The probability-weighted and discounted value of the commitments represents the amount that the Group actually expected to pay or to receive as of 31 December 2022. The value of these commitments was determined by weighing the future commitments by the following criteria:

- probabilities of occurrence of each milestone payment planned in the agreement. The probabilities of occurrence are estimated between 0% and 100% and are reviewed and approved by the Group management team;
- discount rate corresponding to each of the Group's Cash Generating Unit to which the agreement belongs – Specialty Care;
- cost of debt before tax for commitments related to milestones for products in development.

The maximum amounts that may be owed (commitments given) or received (commitments received) represent the maximum amounts if all the contractual terms and conditions were met, not probability-weighted, and not discounted.

#### Note 23.1.1 Operating commitments given

As part of its key agreements, the Group could make the regulatory or marketing milestone payments shown below:

(in millions of euros)	31 December 2022	31 December 2021
Probable and discounted commitments given	411.5	444.0

The maximum amount of commitments given as of 31 December 2022 and 31 December 2021 is detailed below:

(in millions of euros)	31 December 2022	31 December 2021
Key agreements in Oncology	3,542.2	1,832.1
Key agreements in Rare Diseases	803.1	789.2
Key agreements in Neuroscience	337.8	322.0
Key agreements in Consumer Healthcare	0.0	5.3
<b>Total</b>	<b>4,683.1</b>	<b>2,948.7</b>

In 2022, the increase in commitments given was mainly due to new commitments in Oncology resulting in collaboration agreements being signed with Marengo (€1,490 million) and AGV Discovery.

In addition, the other major agreements signed previously are:

#### in Oncology:

- an exclusive worldwide-collaboration with BAKX Therapeutics Inc. for BKK-001, targeting the apoptosis pathway ;
- an exclusive worldwide collaboration with Accent Therapeutics, targeting the RNA modifying protein, METTL3 ;
- an exclusive licensing agreement with Exelixis where Ipsen owns the exclusive commercialization rights for cabozantinib indications outside the United States, Canada and Japan ;
- a partnership with Queen's University Belfast (QUB) that gives Ipsen access to their novel first-in-class FLIP inhibitor program ;

**in Rare Diseases :**

- an exclusive worldwide license with GENFIT to develop, manufacture and commercialize elafibranor, for people living with Primary Biliary Cholangitis (PBC)
- an exclusive worldwide license agreement with Blueprint Medicines for the development and commercialization of BLU-782, a selective investigational ALK2 inhibitor being developed for the treatment of fibrodysplasia ossificans progressiva (FOP) ;

**in Neurosciences:** an exclusive worldwide licensing agreement aimed to improve the lives of people living with Parkinson's disease.

**Note 23.1.2 Operating commitments received**

As part of its key agreements, the Group could receive regulatory or marketing milestone payments:

<i>(in millions of euros)</i>	31 December 2022	31 December 2021
Probable and discounted commitments received	28.8	16.1

The maximum amount of commitments received as of 31 December 2022 and 31 December 2021 broke down as follows:

<i>(in millions of euros)</i>	31 December 2022	31 December 2021
Key agreements in Oncology	911.8	587.0
Key agreements in Neuroscience	21.2	24.7
Key agreements in Rare Diseases	29.2	30.9
Key agreements in Consumer Healthcare	0.0	67.0
Key agreements in Hematology	150.7	140.9
<b>Total</b>	<b>1,112.9</b>	<b>850.4</b>

As of 31 December 2022, the variation in commitments received mainly related to the acquisition of Epizyme (€325 million) and the disposal of the Consumer Healthcare Business during 2022.

As of 31 December 2021, commitments received mainly included amounts receivable under new agreements in Oncology signed with SatoSea Oncology GmbH and Fusion Pharmaceuticals related to the sale of the Systemic Radiation Therapy (SRT) program.

**Note 23.2 Financial commitments**

Ipsen Group has taken out a worldwide liability insurance policy from a third-party insurer. The insurance company itself is underwritten by the captive reinsurance company Ipsen Ré, a wholly-owned subsidiary of the Group, for up to the first €30 million for any potential claim made.

To cover that financial commitment and address any potential default by Ipsen Ré, on 17 May 2022, the Ipsen S.A. parent

company issued a letter of guarantee payable upon first demand to the third-party insurer for a total amount of €3.7 million. This first demand guarantee took effect on 1 January 2022 and expires on 31 December 2026 if it has not already been used in its entirety. It can be renewed annually.

Furthermore, the previous civil liability insurance policy was reinsured by the captive reinsurance company (Ipsen Ré) and was terminated on 31 December 2018. Under this contract, the previous €9 million first demand guarantee, issued in favor of the previous insurer, has been extended for five years after the reinsurance policy expires on 31 December 2023.

The Group owns a 50% interest in a Swiss company named Linnea. It is consolidated using the equity method, and it has taken out three credit lines totaling CHF11 million. These credit lines were not drawn on during the year.

### Note 23.3 Other commitments

#### Note 23.3.1 Capital expenditure commitments

Future Group expenditures resulting from existing investment commitments amounted to €23.0 million as of 31 December 2022, and broke down as follows:

(in millions of euros)	Maturity			Total
	Less than one year	From one to five years	Over five years	
Industrial assets	11.9	0.0	0.0	11.9
Research and Development assets	11.1	0.0	0.0	11.1
<b>Total</b>	<b>23.0</b>	<b>0.0</b>	<b>0.0</b>	<b>23.0</b>

#### Note 23.3.2 Endorsements, pledges and guarantees given

Total guarantees given amounted to €27.3 million as of 31 December 2022. These commitments primarily correspond to guarantees given to government authorities to participate in calls for tender.

#### Note 23.3.3 Commitments arising from Research and Development agreements

Within the scope of its business, the Group regularly enters into Research and Development agreements with partners that may result in potential financial commitments. As of 31 December 2022, those commitments totaled €45.3 million.

#### Note 23.4 Contingent liabilities

The Group may be involved in litigation, arbitration and other legal proceedings. Such proceedings are generally related to civil litigation concerning product liability, intellectual property rights, competition law, trading practices, trade rules, labor rights, tax issues, waste treatment and environmental issues, and requests for guaranteeing the liabilities of assets sold. Provisions related to litigation and arbitration are recognized in compliance with the principles presented in note 3.23.

Most of the questions raised by these claims are complex and subject to significant uncertainties. As a result, it is sometimes difficult to measure how likely it is that the Group will have to recognize an expense and measure how much to provision for. Contingent liabilities relate to instances where either it is not reasonably possible to provide a reliable estimate of the financial impact that could arise from a case being settled, or where it is not likely that a case will result in payment by the Group.

In general, risks are measured according to a series of complex assumptions about future events. These measurements are based on estimates and assumptions

deemed reasonable by management. The Group believes that the total amount of provisions recognized for the aforementioned general risks is adequate based on information currently available. However, given the uncertainties inherent to such litigation and to contingent liability estimates, the Group cannot rule out the possibility of future rulings that could have an unfavorable material impact on its results.

The Group set up a tax pool in France for all Group companies operating in France that meet legal requirements. The system provides for various penalty provisions when entities leave the tax group, mentioned here for informational purposes.

#### Arbitration proceedings with Galderma

In 2021, Galderma initiated two arbitration proceedings against Ipsen at the ICC International Court of Arbitration.

The first dispute relates to Galderma's regulatory submission strategy of QM-1114, a botulinum toxin A in liquid form for which Ipsen, in its capacity as marketing authorization holder and owner of the intellectual property in the territories in which Galderma is appointed as exclusive distributor, has objected to such regulatory filing as Ipsen is the ultimate responsible entity toward the regulatory agencies.

The second dispute involves differences of opinion on the territorial scope of the partnership under the 2007 European Agreement.

The two arbitrations are pending before ICC arbitral tribunals.

Ipsen intends to fully defend and vindicate its rights against Galderma's allegations. As of 31 December 2022, Ipsen cannot reasonably predict the outcome of the cases or any potential financial impact they could have on the financial statements at this preliminary stage of the proceedings.

## Note 24 Subsequent events with no impact on the consolidated financial statements as of 31 December 2022

### Acquisition of Albireo

On 9 January 2023, Ipsen and Albireo announced that they have entered into a definitive merger agreement under which Ipsen will acquire Albireo, a leading innovator in bile-acid modulators to treat pediatric and adult cholestatic liver diseases. The anticipated acquisition will enrich Ipsen's Rare Disease portfolio and pipeline.

The lead medicine in Albireo's pipeline is Bylvay (odevixibat), a potent, once-daily, oral, non-systemic ileal bile acid transport inhibitor (IBATI). Bylvay was approved in 2021 in the U.S. for the treatment of pruritus in patients three months of age and older with progressive familial intrahepatic cholestasis (PFIC), and in the E.U. for the treatment of PFIC in patients aged six months or older. Bylvay has orphan exclusivity for the approved indications in PFIC in the U.S. and E.U.

According to the terms and conditions of the agreement and merger plan, Ipsen, through a wholly-owned subsidiary, will launch a takeover bid to purchase all outstanding shares of Albireo at a price of \$42.00 per share in cash at the closing of the transaction, at an estimated initial total of \$952 million in addition to one Contingent Value Right (CVR) per share. Each CVR will entitle the owner to a deferred cash payment of \$10.00 per CVR, which will be available when the U.S. FDA approves Bylvay for the treatment of biliary atresia by no later than 31 December 2027, which could potentially make it possible to increase patient numbers in the BOLD trial.

The Group expects to finalize the transaction by the end of the first quarter of 2023.

## Note 25 Consolidation scope

### Note 25.1 Consolidation methods

Subsidiaries controlled by the Group are fully consolidated. Companies controlled jointly with one or several outside partners are either consolidated as a joint venture using the equity method, or as a joint operation, whereby Ipsen recognizes its assets and liabilities proportionally to its rights and obligations in the arrangement, in accordance with IFRS 11.

Companies over which the Group exercises significant influence are consolidated using the equity method.

If the accounting methods used by subsidiaries, joint operations, joint ventures, and equity-accounted companies do not comply with those used by the Group, all necessary changes are made to ensure that the financial statements of those companies are compatible with the Group's accounting principles. Transactions between consolidated companies and intra-group results are eliminated.

Investments in companies that are not consolidated are recognized as equity investments.

### Note 25.2 Fully-consolidated companies

Name and legal form	Country	Registered office	31 December 2022	31 December 2021
			% interest	% interest
Ipsen S.A. (société consolidante)	France	Boulogne (92)	100	100
BB et Cie S.A.S.	France	Boulogne (92)	100	100
Beaufour Ipsen Industrie S.A.S.	France	Dreux (28)	—	100
Ipsen Consumer Healthcare S.A.S.	France	Boulogne (92)	—	100
Ipsen Innovation S.A.S.	France	Les Ulis (91)	100	100
Ipsen Pharma S.A.S.	France	Boulogne (92)	100	100
Ipsen PharmSciences S.A.S.	France	Dreux (28)	100	100
Ipsen Pharma Biotech S.A.S.	France	Signes (83)	100	100
Ipsen Pharma Algérie S.P.A.	Algeria	Algiers	49	49
Ipsen Pharma GmbH	Germany	Munich	100	100
OctreoPharm Sciences GmbH	Germany	Berlin	100	100
Ipsen Pty Limited	Australia	Glen Waverley	100	100
Ipsen Pharma Austria GmbH	Autriche	Munich	100	—
Ipsen N.V.	Belgium	Merelbeke	100	100
Beaufour Ipsen Farmaceutica LTDA	Brazil	Sao Paulo	100	100
Ipsen Biopharmaceuticals Canada Inc.	Canada	Mississauga	100	100
Clementia Pharmaceuticals, Inc.	Canada	Montreal	100	100
Beaufour Ipsen (Tianjin) Pharmaceutical Co. Ltd	China	Tianjin	—	96

Name and legal form	Country	Registered office	31 December 2022	31 December 2021
			% interest	% interest
Ipsen (Beijing) Pharmaceutical science and technology development Co. Ltd	China	Beijing	100	100
Ipsen (Tianjin) Pharmaceutical Trade Co. Ltd	China	Tianjin	100	100
Ipsen (Shanghai) innovation pharmaceuticals Co., Ltd	China	Shanghai	100	100
Ipsen Colombia S.A.S	Colombie	Bogota	100	—
Ipsen Korea	Korea	Seoul	100	100
Ipsen Pharma S.A.	Spain	Barcelona	100	100
Ipsen Biopharmaceuticals, Inc.	United States	New Jersey	100	100
Ipsen Bioscience Inc.	United States	Massachusetts	100	100
Clementia Pharmaceuticals USA, Inc.	United States	Massachusetts	100	100
Epizyme Inc.	États-Unis	Cambridge	100	—
Ipsen Epe	Greece	Athens	100	100
Ipsen Pharma Hungary Kft	Hungary	Budapest	100	100
Eisegundo Limited	Ireland	Cork	100	100
Ipsen Manufacturing Ireland Limited	Ireland	Dublin	100	100
Ipsen Pharmaceuticals Limited	Ireland	Dublin	100	100
Ipsen S.p.A.	Italy	Milan	100	100
Akkadeas Pharma S.r.l	Italy	Milan	—	100
IPSEN K.K.	Japan	Tokyo	100	100
Ipsen Pharma Kazakhstan	Kazakhstan	Almaty	100	100
Ipsen Ré S.A.	Luxembourg	Luxembourg	100	100
Ipsen Mexico S. de R.L. de C.V.	Mexico	Mexico	100	100
Ipsen Farmaceutica B.V.	Netherlands	Hoofddorp	100	100
Ipsen Poland LLC	Poland	Warsaw	100	100
Ipsen Portugal - Produtos Farmaceuticos S.A.	Portugal	Alges	100	100
Ipsen Pharma s.r.o.	Czech Republic	Prague	100	100
Ipsen Pharma Romania S.R.L.	Romania	Bucharest	100	100
Ipsen Limited	United Kingdom	Berkshire	100	100
Ipsen BioInnovation Limited	United Kingdom	Oxford	100	100
Ipsen Biopharm Limited	United Kingdom	Wrexham	100	100
Ipsen Developments Limited	United Kingdom	Berkshire	100	100
Sterix Limited	United Kingdom	Slough	100	100
Ipsen OOO	Russia	Moscow	100	100
Ipsen Consumer Healthcare LLC	Russia	Moscow	—	100
Ipsen Pharma Singapore PTE Ltd	Singapore	Singapore	100	100
Institut Produits Synthèse (Ipsen) AB	Sweden	Kista	100	100
IPSEN Pharma Schweiz GmbH	Switzerland	Zug	100	100
Ipsen Pharma Tunisie S.A.R.L.	Tunisia	Tunis	100	100
Ipsen Ukraine Services LLC	Ukraine	Kyiv	100	100

### Note 25.3 Equity-accounted companies

Name and legal form	Country	Registered office	31 December 2022	31 December 2021
			% interest	% interest
Bakx Therapeutics Inc.	United States	New York	14	14
Linnea S.A.	Switzerland	Riazzino	50	50

## Note 26 Fees paid to the Statutory Auditors

The fees paid by the Group to the Statutory Auditors and members of their networks are presented in the following table:

<i>(in thousands of euros)</i>	Amount net of VAT		%		Amount net of VAT		%	
	PWC	Deloitte	PWC	Deloitte	KPMG		KPMG	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Certification and limited interim review of separate and consolidated financial statements</b>								
Issuer	325	216	34%	32%	303	235	36%	19%
Fully consolidated subsidiaries	598	400	62%	59%	516	617	62%	49%
<b>Sub-total</b>	<b>923</b>	<b>616</b>	<b>96%</b>	<b>91%</b>	<b>819</b>	<b>852</b>	<b>98%</b>	<b>68%</b>
<b>Services other than the certification of the financial statements (1)</b>								
Issuer	30	30	3%	4%	0	0	0%	0%
Fully consolidated subsidiaries	10	30	1%	4%	14	409	2%	32%
<b>Sub-total</b>	<b>40</b>	<b>60</b>	<b>4%</b>	<b>9%</b>	<b>14</b>	<b>409</b>	<b>2%</b>	<b>32%</b>
<b>Total</b>	<b>963</b>	<b>676</b>	<b>100%</b>	<b>100%</b>	<b>833</b>	<b>1,261</b>	<b>100%</b>	<b>100%</b>

(1) The type of services other than the "certification of financial statements" provided by the Statutory Auditors to the consolidating entity and to its controlled subsidiaries includes the contractual audit, certification of financial, environmental, and corporate social responsibility data, and independent third-party assignments.

## 3.2.6 Statutory Auditors' Report on the consolidated financial statements

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This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

### **Ipsen S.A.**

Registered office: 65, Quai Georges Gorse – 92100 Boulogne-Billancourt

### **Statutory Auditors' Report on the consolidated financial statements**

For the year ended 31 December 2022

To the shareholders of Ipsen S.A.,

### **Opinion**

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying consolidated financial statements of Ipsen S.A. for the year ended 31 December 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### **Basis for Opinion**

#### **Audit Framework**

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

#### **Independence**

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from 1 January 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014.

### **Justification of the Assessments – Key Audit Matters**

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.



## Assessment of the recoverable amount of licenses

### Notes 11 of IPSEN's consolidated financial statements

#### Identified risk

As of December 31, 2022, the net value of the Group's intellectual property presented in "Other intangible assets" amounted to 1 493m€ out of a total balance sheet of 5 608m€.

Those assets relate to acquired rights for pharmaceutical specialties that can be:

- marketed and amortized on a straight-line basis over their useful life. The useful life periods vary depending on cash flow forecasts, which are based on the underlying patent-protection period.
- during the ongoing development phase and therefore not yet marketed, and thus not yet amortized.

As indicated in note 11, those assets with an indefinite useful life, which are mainly intellectual property rights and licenses, are subject to an annual impairment test or whenever there is a trigger event. The assets with a definite useful life are subject to an impairment test whenever events or changes in circumstances indicate that these assets may have been impaired.

Impairment tests consist in comparing the net book value of the asset to its recoverable amount, which is the higher of its fair value less costs to transfer and its value in use. The value in use is determined on estimated future cash flows expected of the asset.

The approach used for the impairment test is described in note 11.2

We considered that the value of those assets is a key audit matter because of its significant importance in the Group accounts and the method of determining their recoverable value, based on future cash flow forecasts, which requires the use of assumptions and estimates by management based on the future discounted cash flows used to perform these tests.

#### Audit procedures implemented with regard to the identified risk

Our worked consisted in particular in:

- obtaining an understanding of the process put in place by management to perform impairment tests on those assets
- corroborating the existence of an indication of impairment identified by management as of December 31, 2022
- assessing the methods used to implement the impairment tests performed by management. With the support of our valuation experts, we assessed the reasonableness of the discount rates applied to the cash flows and long-term growth rates used. We also verified the correct calculation of these tests;
- verifying the consistency of cash-flow projections with management's business plans. Where possible, we also assessed the consistency of certain assumptions with external market and industry data, and the consistency of these assumptions with evidence obtained elsewhere during the audit, such as internal company communications and presentations and external communications;
- performing our own sensitivity analyses on impairment tests to corroborate those prepared by management;
- assessing the appropriateness of the information provided in the note 11 to the consolidated financial statements.

#### Epizyme Acquisition

Notes 1.2 and 3.1.2 of IPSEN's consolidated financial statements

#### Identified risk

On August 12, 2022, Ipsen announced the completion of the acquisition of all the shares of Epizyme at a price of USD 1.45 per share plus a Guaranteed Value Certificate (GVC) of USD 1.00 per share.

This transaction meets the definition of a business combination as set forth in IFRS 3 R "Business Combinations" and has been accounted for accordingly in Ipsen's consolidated financial statements at that date.

The fair value of the consideration transferred amounted to 541m€. The tangible and intangible assets acquired, net of liabilities assumed, amounts to 513m€ and the goodwill recognized at the end of the transaction amounts to 28m€.

The purchase price allocation remains provisional as of December 31, 2022. The identification and determination of the fair value of the assets acquired and liabilities assumed require specific valuation expertise and significant judgments.

We consider the assessment of the fair value of the assets acquired and liabilities assumed in the Epizyme acquisition to be a key audit matter because of the significance of the transaction to the consolidated financial statements and the high level of judgment required of management in the provisional purchase price allocation.

#### **Audit procedures implemented with regard to the identified risk**

As part of the audit, we obtained the legal documentation related to the transaction as well as the report of the external valuator engaged by Management to perform the provisional purchase price allocation and to assist in the identification of the assets and liabilities recognized in the acquisition of Epizyme.

We performed specific procedures on significant balance sheet items of the acquired company as of August 12, 2022.

With the help of our valuation experts, our work also consisted in:

- reviewing the process implemented by management to identify liabilities, contingent liabilities assumed, and assets acquired, corroborating those with (i) the discussions we had with management and (ii) our understanding of Epizyme's business;
- analyzing the valuation methods used by management to determine the fair value of the assets acquired and liabilities assumed;
- assessing the significant valuation assumptions used by management by comparing them to market data where possible;
- verifying the arithmetical accuracy of the valuations performed;
- assessing the overall consistency of the price allocation made and the amount of goodwill thus calculated;
- verifying that notes 1.2 and 3.1.2 to the consolidated financial statements provides appropriate information.

#### **Specific verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (code de commerce) is included in the Group's management report (or in the Group's information given in the management report), it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

## Report on Other Legal and Regulatory Requirements

### **Format of the presentation of the consolidated financial statements intended to be included in the annual financial report**

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

### **Appointment of the auditors**

We were appointed as statutory auditors of Ipsen S.A. by the annual general meeting held on 18 June 2005 for KPMG S.A. and on 24 May 2022 for PricewaterhouseCoopers Audit.

As at 31 December 2022, KPMG S.A. were in the 18th year of total uninterrupted engagement and PricewaterhouseCoopers Audit were in the 1st year of engagement.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

### **Objectives and audit approach**

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

#### Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Neuilly-sur-Seine and Paris la Défense, on 15 February 2023

PricewaterhouseCoopers Audit

KPMG S.A.

Stéphane Basset

Catherine Porta

\* Innover pour mieux soigner.



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