IPSEN
Innovation for patient care

2022

HALF YEAR FINANCIAL REPORT

CONTENTS

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1. 2022 HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in millions of euros)	Notes	2022	2022(1)(2)
Sales	**5**	**1,433.7**	**1,244.5**
Other revenues		64.2	51.9
Revenue		**1,497.9**	**1,296.3**
Cost of goods sold		(242.1)	(203.5)
Selling expenses		(391.9)	(334.4)
Research and development expenses		(207.2)	(205.1)
General and administrative expenses		(95.4)	(93.7)
Other operating income	6	42.7	26.2
Other operating expenses	6	(89.3)	(81.0)
Restructuring costs	7	(3.7)	(5.2)
Impairment losses		—	—
Operating Income		**511.2**	**399.7**
Investment income	*8*	*1.9*	*0.6*
Financing costs	*8*	*(11.4)*	*(12.0)*
Net financing costs		(9.5)	(11.3)
Other financial income and expenses	8	(10.4)	0.1
Income taxes	9	(108.5)	(95.2)
Share of net profit/(loss) from equity-accounted companies		(0.5)	0.1
Net profit/(loss) from continuing operations		**382.2**	**293.3**
Net profit/(loss) from discontinued operations	4	12.1	10.0
Consolidated net profit		**394.3**	**303.3**
- Attributable to shareholders of Ipsen S.A.		394.3	304.0
- Attributable to non-controlling interests		—	(0.7)
Basic earnings per share, continuing operations (in euros)		4.64	3.54
Diluted earnings per share, continuing operations (in euros)		4.60	3.51
Basic earnings per share, discontinued operations (in euros)		0.15	0.12
Diluted earnings per share, discontinued operations (in euros)		0.15	0.12
Basic earnings per share (in euros)		4.78	3.66
Diluted earnings per share (in euros)		4.74	3.63

(1) Data published for 2021 was restated to include the impact of presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 2022).

(2) Proceeds received in 2021 from businesses sold prior to 2021 were reclassified from "Net profit/(loss) from discontinued operations" to the "Other operating income" line item for €1.2 million.

Comprehensive consolidated income statement

(in millions of euros)	2022	2021 [(1)]
Consolidated net profit	**394.3**	**303.3**
Actuarial gains and (losses) on defined benefit plans, net of taxes	8.5	6.7
Financial assets at fair value through other items of comprehensive income (OCI), net of taxes	(20.9)	(8.5)
Other items of comprehensive income that will not be reclassified to the income statement	**(12.4)**	**(1.8)**
Revaluation of financial derivatives for hedging, net of taxes	(17.4)	(11.8)
Foreign exchange differences, net of taxes	56.6	46.7
Other items of comprehensive income likely to be reclassified to the income statement	**39.3**	**34.8**
Comprehensive income: consolidated net profit (loss) and gains and (losses) recognized directly in equity	**26.9**	**33.0**
Comprehensive income	**421.2**	**336.3**
- Attributable to shareholders of Ipsen S.A.	421.2	337.0
- Attributable to non-controlling interests	—	(0.7)

(1) Data published for 2021 was restated to include the impact of presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 2022).

Consolidated balance sheet

(in millions of euros)	Notes	30 June 2022	31 December 2021 [(1)]
ASSETS			
Goodwill	10	557.4	623.2
Other intangible assets	11	1,373.1	1,370.0
Property, plant & equipment	12	585.9	647.5
Equity investments	13	91.6	106.9
Investments in equity-accounted companies	14	27.1	26.2
Non-current financial assets		—	0.1
Deferred tax assets	9	278.6	258.7
Other non-current assets		4.5	4.3
Total non-current assets		**2,918.1**	**3,036.7**
Inventories	15	190.1	219.4
Trade receivables	15	623.8	564.3
Current tax assets		92.3	122.8
Current financial assets	15	54.9	54.1
Other current assets	15	160.9	178.6
Cash and cash equivalents		1,068.3	814.7
Assets held for sale	4	398.9	—
Total current assets		**2,589.0**	**1,953.8**
TOTAL ASSETS		**5,507.1**	**4,990.5**
EQUITY AND LIABILITIES			
Share capital	16	83.8	83.8
Additional paid-in capital and consolidated reserves		2,492.4	1,967.7
Net profit/(loss) for the period		394.3	646.6
Foreign exchange differences		94.0	37.2
Equity attributable to Ipsen S.A. shareholders		**3,064.5**	**2,735.2**
Equity attributable to non-controlling interests		1.6	2.5
Total shareholders' equity		**3,066.1**	**2,737.7**
Retirement benefit obligation		25.1	40.7
Non-current provisions	17	79.3	64.0
Non-current financial liabilities	18	798.6	772.2
Deferred tax liabilities	9	120.7	101.8
Other non-current liabilities	15	43.1	45.8
Total non-current liabilities		**1,066.8**	**1,024.4**
Current provisions	17	32.5	41.6
Current financial liabilities	18	351.7	174.8
Trade payables	15	577.8	594.7
Current tax liabilities		12.8	10.0
Other current liabilities	15	276.1	401.7
Bank overdrafts		30.6	5.5
Liabilities related to assets held for sale	4	92.7	—
Total current liabilities		**1,374.2**	**1,228.4**
TOTAL EQUITY & LIABILITIES		**5,507.1**	**4,990.5**

(1) The financial statements for the period ended 30 June 2022 were restated to retroactively apply the IFRIC decision on Software as a Service (SaaS) as from 1 January 2021 (see note 11.3 of the notes to the consolidated financial statements for the period ended 30 June 2022).

Consolidated statement of cash flow

(in millions of euros)	Notes	30 June 2022	30 June 2021 (1)
Consolidated net profit		**394.3**	**303.3**
Share of net profit/(loss) from equity-accounted companies		0.4	(0.1)
Net profit/(loss) from discontinued operations		(12.1)	(10.0)
Net profit/(loss) before share from equity-accounted companies		**382.6**	**293.2**
Non-cash and non-operating items:			
- Depreciation, amortization, provisions		105.8	112.7
- Impairment losses included in operating income and net financial income		—	—
- Change in fair value of financial derivatives		19.7	2.3
- Net gains or losses on disposals of non-current assets		(2.5)	1.4
- Unrealized foreign exchange differences		(42.1)	(4.2)
- Change in deferred taxes	9	5.6	30.8
- Share-based payment expense		12.5	17.7
- Other non-cash items		2.2	(7.6)
Cash flow from operating activities before changes in working capital requirement		**483.9**	**446.4**
- (Increase)/decrease in inventories	15	(6.7)	(11.9)
- (Increase)/decrease in trade receivables	15	(79.5)	(69.5)
- Increase/(decrease) in trade payables	15	(0.9)	13.8
- Net change in income tax liability		36.9	(8.1)
- Net change in other operating assets and liabilities	15	(13.8)	(21.3)
Change in working capital requirement related to operating activities		**(64.1)**	**(97.0)**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		**419.8**	**349.4**
Acquisition of property, plant & equipment	12	(48.2)	(31.0)
Acquisition of intangible assets	11	(69.7)	(43.6)
Proceeds from disposal of intangible assets and property, plant & equipment		9.8	—
Acquisition of shares in non-consolidated companies		(6.2)	(7.8)
Payments to post-employment benefit plans		(1.2)	(0.7)
Impact of changes in the consolidation scope		0.1	21.4
Change in working capital related to investment activities		(73.8)	(11.5)
Other cash flow related to investment activities		10.7	2.6
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES		**(178.6)**	**(70.7)**
Additional long-term borrowings	18	8.4	10.5
Repayment of long-term borrowings	18	(0.1)	(0.4)
Net change in short-term borrowings	18	141.7	(113.4)
Capital increase		—	—
Treasury shares		(6.5)	(5.8)
Distributions paid by Ipsen S.A.	16	(99.3)	(82.9)
Dividends paid by subsidiaries to non-controlling interests		(0.9)	(0.2)
Change in working capital related to financing activities		(2.5)	(2.8)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		**40.9**	**(194.8)**
CHANGE IN CASH AND CASH EQUIVALENTS		**282.1**	**83.8**
CHANGE IN CASH AND CASH EQUIVALENTS OF DISCONTINUED ACTIVITIES		**1.9**	**1.2**
OPENING CASH AND CASH EQUIVALENTS		**809.1**	**639.6**
Impact of exchange rate fluctuations		31.9	1.4
CLOSING CASH AND CASH EQUIVALENTS BEFORE RECLASSIFICATION IN ASSETS HELD FOR SALE		**1,125.0**	**726.1**
Reclassification of cash and cash equivalents from assets held for sale		(87.4)	—
CLOSING CASH AND CASH EQUIVALENTS		**1,037.6**	**726.1**

(1) Data published for 2021 was restated to include the impact of presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 2022).

Statement of change in consolidated shareholders' equity

(in millions of euros)	Share capital	Share premiums or contributions	Consolidated reserves [2]	Foreign exchange differences	Reserves related to retirement benefit obligations	Cash flow hedge reserves	Treasury shares	Net profit/(loss) for the period	Total Group equity	Equity attributable to non-controlling interests	Total equity
Balance at 1 January 2022	**83.8**	**122.3**	**1,989.2**	**37.2**	**(23.2)**	**2.4**	**(123.1)**	**646.6**	**2,735.2**	**2.5**	**2,737.7**
Consolidated net profit/(loss) for the period	—	—	—	—	—	—	—	394.3	**394.3**	—	**394.3**
Gains and (losses) recognized directly in equity [1]	—	—	(20.9)	56.6	8.5	(17.4)	—	—	**26.9**	—	**26.9**
Consolidated net profit/(loss) and gains and losses recognized directly in equity	**—**	**—**	**(20.9)**	**56.6**	**8.5**	**(17.4)**	**—**	**394.3**	**421.2**	**—**	**421.2**
Allocation of net profit/(loss) from the prior period	—	—	646.4	0.2	—	—	—	(646.6)	**—**	—	**—**
Capital increases/(decreases)	—	—	—	—	—	—	—	—	**—**	—	**—**
Share-based payments	—	—	(13.3)	—	—	—	26.7	—	**13.4**	—	**13.4**
Own share purchases and disposals	—	—	—	—	—	—	(5.9)	—	**(5.9)**	—	**(5.9)**
Distributions	—	—	(99.3)	—	—	—	—	—	**(99.3)**	(0.9)	**(100.2)**
Change in consolidation scope	—	—	—	—	—	—	—	—	**—**	—	**—**
Other changes	—	—	(0.1)	—	—	—	—	—	**(0.1)**	—	**(0.1)**
Balance at 30 June 2022	**83.8**	**122.3**	**2,502.0**	**94.0**	**(14.7)**	**(14.9)**	**(102.3)**	**394.3**	**3,064.5**	**1.6**	**3,066.1**

[1] Detailed in the Comprehensive income statement.

[2] The main sources of consolidated reserves were as follows:

- reserves on financial assets measured at fair value through other items of comprehensive income;
- retained earnings.

Other items of comprehensive income related to discontinued operations that will be reclassified to income at a later date when the sale is finalized amounted to €11.8 million as of 30 June 2022.

(in millions of euros)	Share capital	Share premiums or contributions	Consolidated reserves [2]	Foreign exchange differences	Reserves related to retirement benefit obligations	Cash flow hedge reserves	Treasury shares	Net profit/(loss) for the period	Total Group equity	Equity attributable to non-controlling interests	Total equity
Balance at 31 December 2020	**83.8**	**122.3**	**1,547.6**	**(59.6)**	**(34.4)**	**25.5**	**(102.1)**	**548.0**	**2,131.2**	**2.7**	**2,133.8**
Application of the IFRIC's decision related to software used as a service (SaaS)	—	—	(16.3)	—	—	—	—	—	**(16.3)**	—	**(16.3)**
Balance at 1 January 2021	**83.8**	**122.3**	**1,531.4**	**(59.6)**	**(34.4)**	**25.5**	**(102.1)**	**548.0**	**2,114.9**	**2.7**	**2,117.6**
Consolidated net profit/(loss) for the period	—	—	—	—	—	—	—	304.0	**304.0**	(0.7)	**303.3**
Gains and (losses) recognized directly in equity[1]	—	—	(8.4)	46.6	6.7	(11.8)	—	—	**33.0**	—	**33.1**
Consolidated net profit/(loss) and gains and losses recognized directly in equity	**—**	**—**	**(8.4)**	**46.6**	**6.7**	**(11.8)**	**—**	**304.0**	**337.0**	**(0.7)**	**336.4**
Allocation of net profit/(loss) from the prior period	—	—	549.1	(1.0)	—	—	—	(548.0)	**0.1**	(0.1)	**—**
Capital increases/(decreases)	—	—	—	—	—	—	—	—	**—**	—	**—**
Share-based payments	—	—	12.3	—	—	—	12.7	—	**25.0**	—	**25.0**
Own share purchases and disposals	—	—	—	—	—	—	(11.2)	—	**(11.2)**	—	**(11.2)**
Distributions	—	—	(82.9)	—	—	—	—	—	**(82.9)**	(0.2)	**(83.1)**
Change in consolidation scope	—	—	(5.6)	(0.3)	5.8	—	—	—	**—**	—	**—**
Other changes	—	—	(0.2)	(0.3)	(0.1)	—	—	—	**(0.6)**	—	**(0.5)**
Balance at 30 June 2021	**83.8**	**122.3**	**1,995.7**	**(14.6)**	**(22.1)**	**13.7**	**(100.5)**	**304.0**	**2,382.4**	**1.7**	**2,384.1**

[1] Detailed in the Comprehensive income statement.

[2] The main sources of consolidated reserves were as follows:

- reserves on financial assets at fair value through other items of comprehensive income;
- retained earnings

Notes to the condensed consolidated financial statements

Introduction

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

The accompanying notes form an integral part of the Group’s condensed consolidated financial statements (the “condensed consolidated financial statements”).

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

The Board of Directors approved the condensed consolidated financial statements on 27 July 2022.

Note 1. Significant events during the period

1. Proposed divestment of the Consumer Healthcare business as per IFRS 5

Following a vote during its Board of Directors meeting on 10 February 2022, Ipsen announced it had entered into exclusive negotiations with Mayoly Spindler to divest its global Consumer Healthcare business. This is a major achievement in Ipsen’s strategic roadmap presented in December 2020 toward building a more Specialty Care-focused Company.

Mayoly Spindler’s offer measured Ipsen’s Consumer Healthcare business at an enterprise value of €350 million, including a €50 million contingent earnout payment. The transaction was submitted to the relevant employee-representation bodies during the first half of 2022 and is expected to close before the end of Q3 2022, subject to regulatory approvals and customary closing conditions.

Ipsen believes it is highly likely this business will sell during 2022, given the facts and circumstances as of 30 June 2022. As a result, Ipsen is applying the provisions of IFRS 5 relating to Discontinued Operations.

Accounting impacts and 2021 restatements for comparison purposes are both shown in note 4 to the consolidated financial statements.

2. Epizyme

On June 27, 2022, Ipsen and Epizyme announced they have signed a definitive merger agreement where Ipsen will acquire Epizyme. Ipsen’s and Epizyme’s respective Boards of Directors both unanimously approved the transaction. The companies expect the merger to be finalized by the end of Q3 2022, provided all closing conditions are met. Epizyme is a commercial-stage biopharmaceutical company focused on finding new ways to treat cancer patients by discovering, developing, and marketing novel epigenetic medicines. Ipsen plans to grow its Oncology assets through this merger.

This acquisition focuses on Epizyme’s main drug, Tazverik (tazemetostat), an EZH2 chemotherapy-free inhibitor that obtained an accelerated US FDA approval in 2020.

According to the terms and conditions of the agreement and proposed merger, Ipsen will launch a takeover bid to purchase all of Epizyme’s outstanding shares at US $1.45 per share in cash (totaling an initial estimated US $247 million) on the transaction closing date along with a contingent value right (CVR) that can reach US $1 per share: $0.30 per CVR payable upon achieving an initial $250 million in total net Tazverik sales (excluding sales in Japan and Greater China) during any four-consecutive-quarter period by 31 December 2026 and $0.70 per CVR payable as soon as the necessary U.S. regulatory approval is received for the commercial marketing and sale of both Tazverik and R² (rituximab and lenalidomide) in second-line follicular lymphoma by 1 January 2028.

3. Crisis in Ukraine

Russia's invasion of Ukraine and the sanctions that followed led Ipsen to assess the potential impacts of the crisis on the Group's business activities, outlook and financial position.

The Group continued operating in Russia and Ukraine to maintain drug access to patients. 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 Ukraine account for €86.5 million (mainly cash) and €0.2 million, respectively.

In terms of operations and people, the Group has transferred all Ukraine-based teams to the Czech Republic.

To date, the events and circumstances related to the crisis in Ukraine have not led the Group to update the value of its Ukrainian or Russian subsidiaries' assets and liabilities.

Ipsen continues to thoroughly monitor potential impacts from the crisis on a regular basis to head off any risks the Group could be exposed to and continue operating under optimal conditions.

Note 2. Changes in the scope of consolidation

The Group created Ipsen Colombia S.A.S., and fully consolidated it into the scope of consolidation as of the first half of 2022.

As of 1 January 2022, Clementia Pharmaceuticals USA Inc. merged with Ipsen Biopharmaceuticals, Inc. As such, Clementia Pharmaceuticals USA, Inc. no longer exists in the Group's scope of consolidation as of 30 June 2022.

Note 3. Accounting principles and methods, and compliance statement

3.1. General policies and compliance statement

In accordance with European regulation No. 1606/2002 adopted on 19 July 2002 by the European Parliament and Council, the Group's condensed consolidated financial statements as of 30 June 2022 were prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union as of the date they were prepared.

The condensed consolidated financial statements as of 30 June 2022 were prepared in accordance with IAS 34 - Interim Financial Reporting, as endorsed by the European Union, which requires the disclosure of selected explanatory notes only.

The notes to the condensed consolidated financial statements do not include all disclosures required for complete annual financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

The condensed consolidated financial statements were prepared in accordance with the accounting principles and methods the Group applied to the financial statements for the 2021 fiscal year (described in note 2 to the consolidated financial statements for the year ended 31 December 2021 as published) and pursuant to other standards and interpretations in force as of 1 January 2022, except for the principle used for the income tax expense determination (based on an Group effective tax rate expected for the full year), and the new standards and interpretations described below.

3.2 IFRIC decision on Configuration or Customization Costs in a Cloud Computing Arrangement

After the IFRIC's agenda decision in April 2021, the Group reviewed how it recognizes configuration or customization costs in a cloud computing arrangement and finalized the review in early 2022. The impact of this decision is presented in note 11.3.

3.3 Standards and interpretations in effect as of 1 January 2022

The mandatory standards, amendments and interpretations published by the IASB and entered into force beginning on 1 January 2022 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* - *Onerous Contracts* - *Cost of Fulfilling a Contract*
- Amendments to IFRS 3 - *Business Combinations* - *Reference to the Conceptual Framework* (improving the definition of a Business)
- Annual improvements 2018 - 2020 cycle

These amendments did not have a material impact on the condensed consolidated financial statements as of 30 June 2022.

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

The Group did not opt to apply amendments and improvements early that were adopted by the European Union but not mandatory as of 1 January 2022:

- Amendments to IAS 1 – *Presentation of the Financial Statements - Information Companies Provide on Accounting Principles and Methods*
- Amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- IFRS 17 – *Insurance Contracts*

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

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

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

- Amendments to IFRS 17 - *Initial application of FIRS 17 and IFRS 9 - Comparative Information*
- Amendments to IAS 1 – *Presentation of Financial Statements – Classifying Liabilities as Current or Non-Current*
- IAS 12 – *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

The Group was still reviewing standards and amendments published by the IASB but not yet approved by the European Union as of the date these condensed consolidated financial statements were approved.

3.6 Use of estimates

When preparing its condensed consolidated financial statements, Ipsen's management made estimates, judgments and assumptions impacting how the Group applied accounting methods as well as what the carrying value of assets and liabilities and income and expense items were.

Actual results obtained may differ, as these estimates were based on past events and various assumptions.

The main uncertainties regarding the key estimates and judgments Ipsen made are the same as those applied in the consolidated financial statements for the year ended 31 December 2021.

3.7 Seasonal effects

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

Note 4. Proposed divestment of Consumer Healthcare business as per IFRS 5

Net profit/(loss) from discontinued operations

The "Net profit/(loss) from discontinued operations" line item includes the income statement items from the Consumer Healthcare business for the 2022 and 2021 fiscal years. A comparison of the net book value of the assets and liabilities of this business with their fair value less selling costs did not result in any impairment.

The main income statement indicators for the Consumer Healthcare business over these periods are as follows:

(in millions of euros)	2022	2021
Sales	125.5	105.9
Operating Income	15.7	13.7
Net financing costs	0.2	—
Other financial income and expenses	0.1	—
Income taxes	(4.0)	(3.8)
Net profit/(loss) from discontinued operations	**12.1**	**10.0**

Assets & Liabilities held for sale

As of 30 June 2022, the Group reclassified balance sheet items involved in the Consumer Healthcare Business (CHC business) sale to assets and liabilities held for sale:

(in millions of euros)	30 June 2022
ASSETS	
Goodwill	96.9
Other intangible assets	28.4
Property, plant & equipment	74.6
Deferred tax assets	6.3
Other non-current assets	0.5
Non-current assets	**206.8**
Inventories	42.0
Trade receivables	49.4
Current tax assets	0.1
Other current assets	13.0
Cash and cash equivalents	87.5
Current assets	**192.1**
Total assets held for sale	**398.9**
LIABILITIES	
Retirement benefit obligation	5.0
Non-current non-financial liabilities	1.6
Non-current financial liabilities	4.1
Other non-current liabilities	2.3
Non-current liabilities	**13.1**
Current non-financial liabilities	9.4
Current financial liabilities	1.8
Other current liabilities	68.3
Bank overdrafts	0.1
Current liabilities	**79.6**
Total liabilities held for sale	**92.7**

Change in cash and cash equivalents by discontinued activities

Cash flows attributable to the business being disposed of for 2022 and 2021 are as follows:

(in millions of euros)	2022	2021
Net cash provided (used) by operating activities	5.8	7.8
Net cash provided (used) by investing activities	(5.3)	(6.9)
Net cash provided (used) by financing activities	1.4	0.3
Change in cash and cash equivalents	**1.9**	**1.2**

Note 5. Operating segments

In accordance with IFRS 8, only one operating segment has been retained: the Specialty Care segment. The segment information presented below is based on the Group's internal reporting used by the Executive Leadership Team, which the Group deems the chief operating decision-maker to assess operating performance and allocate resources.

The Group's Consumer Healthcare business is no longer presented as an operating segment under continuing operations due to its classification as discontinued operations in the financial statements as of 30 June 2022.

Shared central costs and the effects of currency hedges are now only allocated to the Specialty Care operating segment.

Core Operating Income is the indicator the Group uses to measure operating performance and to allocate resources.

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

This performance indicator does not replace IFRS indicators and should not be viewed as doing so. The Group uses it in addition to IFRS indicators.

1. Sales by therapeutic area and product

(in millions of euros)	2022	2021 (1)
Oncology	**1,164.2**	**1,013.1**
Somatuline ®	*600.0*	*561.4*
Decapeptyl ®	*264.6*	*222.5*
Cabometyx ®	*212.2*	*166.8*
Onivyde ®	*83.2*	*57.8*
Other Oncology products	*4.3*	*4.5*
Neuroscience	**246.9**	**205.8**
Dysport ®	*242.3*	*202.8*
Rare disease	**22.6**	**25.6**
NutropinAq ®	*14.5*	*17.0*
Increlex ®	*8.0*	*8.6*
Specialty Care	**1,433.7**	**1,244.5**
Sales	**1,433.7**	**1,244.5**

(1) Data published for 2021 have been restated for the impact from presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 2022).

2. Core Operating Income by operating segment

(in millions of euros)	2022	2021 (1)
Specialty Care (Total Group)		
Sales	1,433.7	1,244.5
Revenue	1,497.9	1,296.3
Core Operating Income	568.0	466.3
% of net sales	*39.6%*	*37.5%*

(1) Data published for 2021 have been restated for the impact from presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 2022).

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

(in millions of euros)	2022	2021 (1)
Core Operating Income	**568.0**	**466.3**
Amortization of intangible assets, excluding software	(46.6)	(39.5)
Other operating income and expenses	(6.5)	(22.0)
Restructuring costs	(3.7)	(5.2)
Impairment losses	—	—
Operating Income	**511.2**	**399.7**

(1) Data published for 2021 has been restated for the impact from presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 2022).

Note 6. Other operating income and expenses

During the first half of 2022, other operating income and expenses amounted to €46.6 million before tax, compared to €54.8 million during the first half of 2021.

The other operating expenses amounted to €89.3 million, relates to the amortization of intangible assets (mainly Cabometyx® and Onivyde®) as well as costs arising from the Group's transformation programs and from currency hedges.

The other operating income amounted to €42.7 million, includes the recognition of past orphan drug tax credits generated by research expenses in the U.S.

Note 7. Restructuring costs

During the first half of 2022, restructuring costs accounted for €3.7 million in pre-tax expenses, versus €5.2 million during the first half of 2021.

Note 8. Net financial income

(in millions of euros)	2022	2021 (1)
Investment income	1.9	0.6
Financing costs	(11.4)	(12.0)
Net financing costs	**(9.5)**	**(11.3)**
Foreign exchange gain/(loss) on non-operating activities	3.1	2.8
Change in fair value of equity investments	1.7	3.9
Net interest on employee benefits	0.3	—
Change in fair value of contingent assets and liabilities	(14.3)	(1.5)
Other financial liabilities	(1.2)	(5.1)
Other financial income and expenses	**(10.4)**	**0.1**
Financial income/(expenses)	**(19.9)**	**(11.2)**

(1) Data published for 2021 has been restated for the impact from presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 2022).

The change in fair value of contingent assets and liabilities mainly included a €10.6 million expense related to foreign exchange effects as of 30 June 2022.

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

Note 9. Income taxes

1. Effective tax rate

(in millions of euros)	2022	2021 (1)
Net profit/(loss) from continuing operations	382.2	293.3
Share of net profit/(loss) from equity-accounted companies	(0.5)	0.1
Profit from continuing operations before share of results from equity-accounted companies	**382.8**	**293.2**
Current tax	(103.8)	(64.4)
Deferred tax	(4.7)	(30.8)
Income taxes	**(108.5)**	**(95.2)**
Pre-tax profit from continuing operations before share of results from equity-accounted companies	**491.3**	**388.4**
Effective tax rate	**22.1%**	**24.5%**

(1) Data published for 2021 has been restated for the impact from presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 2022).

As of 30 June 2022, the Group's effective tax rate was 22.1% of profit before tax from continuing operations and before the share of profit/(loss) from equity-accounted companies, compared with an effective tax rate of 24.5% as of 30 June 2021. This change was mainly due to:

– a lack of tax effect related to the recognition of past orphan drug tax credits generated by research expenses in the U.S.
– lower income expense resulting from the non-recognition of tax effect on tax losses generated during the period in Canada.

2. Movements during the first half of 2022

(in millions of euros)	31 December 2021 [1]	(Loss)/profit in income statement	Deferred taxes recorded directly to reserves	Foreign exchange differences	Transfers and other movements	30 June 2022
Deferred tax assets	258.7	(4.3)	(2.9)	11.5	15.7	278.6
Deferred tax liabilities	(101.8)	0.5	6.1	(5.8)	(19.8)	(120.7)
Net deferred tax assets	**156.9**	**(3.8)**	**3.2**	**5.7**	**(4.2)**	**157.8**

(1) The deferred tax assets for the period ended 30 June 2022 were restated with the retrospective application of the IFRIC decision on Software as a Service (SaaS) as from 1 January 2021 for €5.7 million (see note 11.3 of the notes to the consolidated financial statements for the period ended 30 June 2022).

Note 10. Goodwill

Changes in Goodwill

(in millions of euros)	Gross goodwill	Impairment losses	Net goodwill
31 December 2021	**631.8**	**(8.7)**	**623.2**
Acquisitions during the period	—	—	—
Foreign exchange differences	30.9	0.2	31.1
Transfer to assets and liabilities held for sale	(96.9)	—	(96.9)
30 June 2022	**565.8**	**(8.5)**	**557.4**

***Goodwill* impairment**

The Group conducts impairment tests at least once per year. As of 30 June 2022, there was no indication of impairment loss. As a result, no impairment test has been conducted.

Note 11. Other intangible assets

(in millions of euros)	Intellectual property	Software	Other intangible assets and intangible assets in progress	Total other intangible assets
Gross value at 31 December 2020	**2,329.5**	**166.0**	**26.8**	**2,522.2**
Application of the IFRIC's decision related to software used as a service (SaaS)	—	(39.4)	(4.4)	(43.9)
Gross value at 1 January 2021	**2,329.5**	**126.6**	**22.4**	**2,478.4**
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
Gross value at 31 December 2021	**2,703.5**	**151.9**	**29.0**	**2,884.3**
Acquisitions/increases	58.3	0.5	11.1	69.8
Disposals/decreases	(38.4)	(34.8)	—	(73.3)
Foreign exchange differences	96.3	0.7	0.1	97.0
Transfers and other movements	—	8.0	(8.1)	—
Transfer to assets and liabilities held for sale	(112.2)	(8.8)	(4.4)	(125.4)
Gross value at 30 June 2022	**2,707.3**	**117.4**	**27.7**	**2,852.5**
Amortization and impairment at 31 December 2020	**(1,282.4)**	**(115.2)**	**(3.5)**	**(1,401.1)**
Application of the IFRIC's decision related to software used as a service (SaaS)	—	21.9	—	21.9
Amortization and impairment at 1 January 2021	**(1,282.4)**	**(93.2)**	**(3.5)**	**(1,379.2)**
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	—	—	—	—
Amortization and impairment at 31 December 2021	**(1,397.4)**	**(113.0)**	**(3.9)**	**(1,514.3)**
Amortization	(46.9)	(6.7)	(0.2)	(53.8)
Impairment losses	—	—	—	—
Disposals/decreases	29.7	33.1	—	62.8
Foreign exchange differences	(70.4)	(0.5)	—	(70.9)
Transfers and other movements	—	—	(0.1)	(0.1)
Transfer to assets and liabilities held for sale	85.8	7.2	4.0	97.0
Amortization and impairment at 30 June 2022	**(1,399.2)**	**(79.9)**	**(0.3)**	**(1,479.3)**
Net value at 31 December 2021	**1,306.1**	**38.9**	**25.0**	**1,370.0**
Net value at 30 June 2022	**1,308.2**	**37.6**	**27.4**	**1,373.1**

1. Gross value of intangible assets

During the first half of 2022, changes in the gross value of intangible assets mainly related to:

- recognizing intangible assets as payments to Exelixis for €30.9 million and to Blueprint Medicines for €27.4 million
- transferring Xermelo intellectual property to partners for a net book value of €8.5 million
- reclassifying the Consumer Healthcare business to assets held for sale for a net book value of €28.4 million

2. Impairment of intangible assets

In accordance with IAS 36, the Group has reviewed all external and internal indices that could indicate any impairment of intangible assets. As of 30 June 2022, there was no indication of impairment loss. As a result, no impairment test has been conducted.

3. Application of the IFRIC decision on software as a service (SaaS)

The Ipsen Group has retroactively applied the IFRIC ruling on software as a service (SaaS) as of 1 January 2021. The Group has restated the opening balance sheet as of 1 January 2021 as follows:

(in millions of euros)	31 December 2020 As published	IFRIC related to SaaS	1 January 2021 Restated
Other intangible assets	1,121.1	(21.9)	1,099.2
Deferred tax assets	243.2	5.7	248.8
Other non-current assets	1,369.9	—	1,369.9
Total non-current assets	**2,734.2**	**(16.3)**	**2,718.0**
Total current assets	**1,578.8**	**—**	**1,578.8**
TOTAL ASSETS	**4,313.0**	**(16.3)**	**4,296.7**
Additional paid-in capital and consolidated reserves	1,558.9	(16.3)	1,542.7
Other shareholder's equity	574.9	—	574.9
Total shareholders' equity	**2,133.8**	**(16.3)**	**2,117.6**
Total non-current liabilities	**966.0**	**—**	**966.0**
Total current liabilities	**1,213.1**	**—**	**1,213.1**
TOTAL EQUITY & LIABILITIES	**4,313.0**	**(16.3)**	**4,296.7**

Impacts on the 2021 income statement and on the cash flow statement have not been restated as they were not material.

Restatements on the 2021 cash flow statement should have led to a €5.8 million reclassification of the “Depreciation, Amortization, and Provisions” line item to the “Acquisition of intangible assets” line item.

Note 12. Property, plant & equipment

1. Changes in property, plant and equipment

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

(in millions of euros)	Land	Buildings	Equipment and tools	Other assets	Tangible assets in progress	Total property, plant and equipment
Gross value at 31 December 2021	**22.1**	**596.9**	**412.3**	**151.9**	**106.7**	**1,290.0**
Acquisitions/increases	—	8.2	1.3	5.7	37.4	52.6
Disposals/decreases	—	(7.2)	(4.5)	(8.7)	—	(20.4)
Foreign exchange differences	(0.1)	7.5	(2.5)	2.0	(0.8)	6.0
Transfers and other movements	1.7	10.9	2.4	1.4	(16.4)	—
Transfer to assets and liabilities held for sale	(3.9)	(109.5)	(108.9)	(14.6)	(3.1)	(239.9)
Gross value at 30 June 2022	**19.8**	**506.9**	**300.1**	**137.6**	**123.9**	**1,088.2**
Amortization and impairment at 31 December 2021	**(3.9)**	**(310.2)**	**(246.1)**	**(80.8)**	**(1.5)**	**(642.5)**
Amortization	(0.3)	(18.3)	(11.0)	(9.9)	—	(39.5)
Impairment losses	—	(2.4)	—	—	—	(2.4)
Disposals/decreases	—	9.3	4.4	8.3	—	22.1
Foreign exchange differences	—	(5.0)	1.0	(1.5)	—	(5.5)
Transfers and other movements	—	0.5	(0.8)	0.4	—	0.1
Transfer to assets and liabilities held for sale	1.5	75.2	77.7	10.8	0.1	165.4
Amortization and impairment at 30 June 2022	**(2.7)**	**(251.0)**	**(174.8)**	**(72.6)**	**(1.4)**	**(502.4)**
Net value at 31 December 2021	**18.2**	**286.7**	**166.1**	**71.2**	**105.2**	**647.5**
Net value at 30 June 2022	**17.1**	**255.9**	**125.3**	**65.0**	**122.5**	**585.9**

2. Asset leases – rights of use

(in millions of euros)	Real estate	Cars	Other	Total assets rights of use
Net value at 31 December 2021	**90.5**	**10.2**	**0.4**	**101.1**
Acquisitions/increases	6.2	3.2	—	9.4
Disposals/decreases	(0.7)	(0.1)	—	(0.9)
Amortization	(12.4)	(3.9)	(0.1)	(16.4)
Foreign exchange differences	2.9	0.4	—	3.3
Transfers and other movements	—	—	—	—
Transfer to assets and liabilities held for sale	(3.1)	(1.2)	(0.2)	(4.5)
Net value at 30 June 2022	**83.5**	**8.6**	**—**	**92.1**

Note 13. Equity investments

(in millions of euros)	Equity investments at fair value through other comprehensive income	Equity investments at fair value through profit and loss	Equity investments
31 December 2021	**50.8**	**56.0**	**106.9**
Change in fair value	(21.0)	1.7	(19.3)
Increase	—	6.2	6.2
Decrease	—	(2.8)	(2.8)
Other movements including foreign exchange differences	0.2	0.5	0.6
30 June 2022	**30.0**	**61.6**	**91.6**

As of 30 June 2022, changes in fair value of equity instruments through other items of comprehensive income totaled a €21.0 million loss and were primarily due to Biopharmaceutical company stock prices plummeting—especially in the U.S. Companies impacted by this crash include Genfit, with a €5 million loss in France, and Xilio Therapeutics, Rhythm Pharmaceuticals, and Pyxis Oncology, with €5.0 million, €4.0 million, and €3.9 million in losses, respectively.

The €1.7 million increase in equity investments at fair value through profit/(loss) primarily pertained to appreciation in the value of Agent Capital funds.

Note 14. Investments in equity-accounted companies

(in millions of euros)	30 June 2022	31 December 2021
Investments in equity-accounted companies	27.1	26.2

An investigation into anti-competitive practices was launched in 2019 against Linnea. Since the authorities have provided little information regarding allegations made at this time, Linnea cannot predict the potential financial impact on its financial statements with a reasonable level of assurance. For this reason, Linnea did not record a provision in its financial statements as of 30 June 2022 relating to this investigation.

Note 15. Current assets and liabilities

1. Inventories

(in millions of euros)	30 June 2022			31 December 2021
	Gross value	Depreciation	Net value	Net value
Raw materials and supplies	46.6	(3.8)	42.8	59.0
Work in progress	43.1	(4.1)	39.0	51.5
Finished goods	114.4	(6.1)	108.3	108.9
Total	**204.1**	**(14.0)**	**190.1**	**219.4**

Changes over the period included a €4.3 million gain related to foreign exchange impacts and €42.0 million in liabilities related to the transfer of the CHC business to assets and liabilities held for sale.

2. Trade receivables

(in millions of euros)	30 June 2022	31 December 2021
Gross value	630.1	569.6
Depreciation	(6.3)	(5.4)
Net value	**623.8**	**564.3**

Changes over the period included a €27.7 million gain related to foreign exchange impacts and €49.4 million in liabilities related to the transfer of the CHC business to assets and liabilities held for sale.

3. Trade payables

(in millions of euros)	30 June 2022	31 December 2021
Trade payables	577.8	594.7

Changes over the period included €14.3 million in gains related to foreign exchange impacts and €35.7million in liabilities related to the transfer of the CHC business to assets and liabilities held for sale.

4. Other current assets

(in millions of euros)	30 June 2022	31 December 2021
Contingent assets related to business combination	46.1	42.4
Derivative financial instruments	8.8	11.7
Other current financial assets	—	—
Advance payments to suppliers	13.0	9.8
Prepayments	66.2	68.0
Recoverable VAT	55.9	77.4
Other assets	25.7	23.4
Total current financial assets and other current assets	**215.7**	**232.7**

Changes over the period included €13.0 million in liabilities related to the transfer of the CHC business to assets and liabilities held for sale.
As of 31 December 2021, recoverable VAT included €24 million in VAT related to the initial payment from the Genfit S.A. partnership. The Group received the rest of the receivable during the period.

5. Other liabilities

(in millions of euros)	30 June 2022	31 December 2021
Non-current deferred income	43.1	45.8
Total other non-current liabilities	**43.1**	**45.8**
Amounts due to non-current asset suppliers	58.4	135.7
Employment-related liabilities	151.4	198.2
VAT payable	39.9	37.6
Other current tax liabilities (excluding VAT and Corporate Tax)	13.1	18.4
Current deferred income	6.9	6.0
Other liabilities	6.5	5.8
Total other current liabilities	**276.1**	**401.7**

Changes over the period included €31.9 million in liabilities related to the transfer of the CHC business to assets and liabilities held for sale.
As of 31 December 2021, amounts due to non-current asset suppliers included an €87.9 million undisbursed milestone payment under Ipsen's partnership with Exelixis. The payment was made during the period.

Note 16. Consolidated shareholders' equity

1. Share capital

As of 30 June 2022, Ipsen had €83,814,526 in share capital, comprising 83,814,526 ordinary shares with a par value of €1 per share, including 48,299,982 shares with double voting rights, compared with 83,814,526 ordinary shares with a par value of €1 per share, including 48,311,316 shares with double voting rights as of 31 December 2021.

2. Distributions

On 24 May 2022, the General Shareholders' Meeting approved a dividend of €1.20 per share and paid the dividend to shareholders in June 2022.

The distribution paid to shareholders for fiscal year 2021 was €1.00 per share.

Note 17. Provisions

(in millions of euros)	Provisions for business and operating risks	Provisions for legal risks	Provision for restructuring costs	Other provisions	Total Provisions
31 December 2021	**10.0**	**60.6**	**30.5**	**4.5**	**105.6**
Charges	16.1	9.7	2.3	(0.4)	27.7
Applied reversals	(3.5)	(3.1)	(7.9)	(0.5)	(15.0)
Released reversals	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)
Foreign exchange differences, transfers and other movements	0.3	3.4	0.6	0.4	4.7
Transfer to assets and liabilities held for sale	(0.7)	(1.1)	(9.3)	—	(11.0)
30 June 2022	**22.1**	**69.5**	**16.3**	**3.9**	**111.7**
of which non-current	*13.1*	*56.7*	*6.6*	*2.9*	*79.3*
of which current	*9.0*	*12.8*	*9.7*	*1.1*	*32.5*

As of 30 June 2022, provisions broke down as follows:

- **Business and operating risks and expenses**

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

- **Legal risks**

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

- **Restructuring**

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

Allowances and reversals during 2022 are recognized in Operating Income.

Note 18. Bank loans and financial liabilities

(in millions of euros)	31 December 2021	New Loans/Increases	Repayments/Decreases	Change in Fair Value	Transfer to assets and liabilities held for sale	Other movements including foreign exchange differences	30 June 2022
Bonds and bank loans	562.8	—	—	—	—	21.4	584.3
Lease liabilities	95.0	9.3	(0.9)	—	(2.2)	(13.7)	87.5
Other financial liabilities	5.1	1.3	(0.1)	—	(1.9)	—	4.4
Non-current financial liabilities (measured at amortized cost)	662.9	10.7	(1.0)	—	(4.1)	7.8	676.2
Contingent liabilities related to business combinations	109.3	—	—	15.2	—	(2.1)	122.4
Non-current financial liabilities (measured at fair value)	109.3	—	—	15.2	—	(2.1)	122.4
Total non-current financial liabilities	**772.2**	**10.7**	**(1.0)**	**15.2**	**(4.1)**	**5.7**	**798.6**
Credit lines and bank loans	—	—	—	—	—	—	—
Lease liabilities	29.8	—	(17.1)	—	(1.6)	18.2	29.3
Other financial liabilities(1)	88.4	650.0	(492.0)	—	(0.3)	(2.5)	243.7
Current financial liabilities (measured at amortized cost)	118.2	650.0	(509.1)	—	(1.8)	15.7	272.9
Contingent liabilities related to business combinations	45.1	—	—	3.9	—	(0.9)	48.2
Derivative financial instruments	11.5	—	—	19.2	—	—	30.7
Current financial liabilities (measured at fair value)	56.6	—	—	23.1	—	(0.9)	78.8
Total current financial liabilities	**174.8**	**650.0**	**(509.1)**	**23.1**	**(1.8)**	**14.8**	**351.7**
Total financial liabilities	**947.0**	**660.7**	**(510.1)**	**38.3**	**(5.9)**	**20.5**	**1,150.3**

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

The Group's financing includes, in particular:

- a €300 million unsecured, seven-year public bond with a 1.875% annual coupon taken out on 16 June 2016;
- a $300 million loan through a US Private Placement (USPP) in two tranches maturing in 7 and 10 years, taken out on 23 July 2019;
- a €1.5 billion 5-year Revolving Credit Facility (RCF) taken out on 24 May 2019 that includes two one-year extension options. The extension options were exercised in 2020 and 2021, respectively, pushing the new maturity to May 2026;
- a €600 million commercial paper program (NEU CP - Negotiable EUropean Commercial Paper) with €238 million drawn as of 30 June 2022.

Note 19. Financial instruments

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

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

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

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

As of 30 June 2022, the future cash flow hedge reserve for business transactions has been completely recycled in the income statement. As of 31 December 2021, it came to a €2.3 million pre-tax reserve.

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

As of 30 June 2022, future cash flow hedges on business transactions impacted Operating income €6.0 million, versus €6.5 million as of 30 June 2021.

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

As of 30 June 2022, financial instruments used for future cash flow hedges recognized in Net financial income/(expense) came to a €0.8 million expense.

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

The impact of ineffective financial instruments is included in the "Foreign exchange gain/(loss) on non-operating operations line item in net financial income/(expense) and amounted to €3.2 million as of 30 June 2022. The impact of these financial instruments in Net financial income/(expenses) came to a €3.0 million expense over the period.

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

As of 30 June 2022, net investment hedge reserves totaled a €20.1 million expense before tax, compared to a €1.0 million gain as of 31 December 2021.

Derivative financial instruments held by the Group as of 30 June 2022 and 31 December 2021 broke down as follows:

(in millions of euros)		30 June 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
Exchange rate risk hedging - Business transactions										
Put forward contracts	Cash Flow Hedge	341.4	5.6	(26.0)	341.4	—	—	610.1	8.4	(10.1)
Put option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Seller at maturity foreign exchange swaps	Cash Flow Hedge	126.9	1.1	(1.5)	126.9	—	—	57.9	0.2	(0.4)
Call forward contracts	Cash Flow Hedge	74.2	0.4	(0.5)	74.2	—	—	138.9	2.1	—
Call option contracts	Cash Flow Hedge	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Cash Flow Hedge	174.9	1.5	(0.7)	174.9	—	—	43.6	0.4	(0.2)
Total business transactions		**717.4**	**8.6**	**(28.7)**	**717.4**	**—**	**—**	**850.5**	**11.1**	**(10.7)**
Exchange rate risk hedging - Financial transactions										
Put forward contracts	Non-hedging derivatives	—	—	—	—	—	—	—	—	—
Seller at maturity foreign exchange swaps	Non-hedging derivatives	100.8	—	(0.4)	100.8	—	—	124.2	0.1	(0.5)
Call forward contracts	Non-hedging derivatives	—	—	—	—	—	—	—	—	—
Buyer at maturity foreign exchange swaps	Non-hedging derivatives	344.0	0.2	(1.5)	344.0	—	—	266.9	0.6	(0.2)
Financial transactions		**444.8**	**0.2**	**(1.9)**	**444.8**	**—**	**—**	**391.1**	**0.7**	**(0.7)**
Total hedging of business and financial transactions		**1,162.2**	**8.8**	**(30.7)**	**1,162.2**			**1,241.6**	**11.8**	**(11.4)**

Note 20. Information on related parties

The Group did not enter into any new significant transactions with related parties during the period.

Note 21. Commitments and contingent liabilities

In connection with its business, and in particular with strategic development operations intended to forge partnerships, the Group regularly enters into agreements that may result in potential financial commitments, provided that certain events occur (see note 24 to the consolidated financial statements for the year ended 31 December 2021).

The primary movements of commitments and contingent liabilities during the first half of 2022 concern operating commitments received, and include €80 million transferred to an external partner for commitments pertaining to intellectual property of the product Xermelo.

Other existing commitments as of 31 December 2021 have not changed significantly as of 30 June 2022.

In 2021, Galderma initiated two arbitration proceedings against Ipsen at the ICC International Court of Arbitration with arbitrators consulted in the fourth quarter.

The first dispute related to Galderma's filing of the BLA of QM-1114. Ipsen holds the marketing authorization and owns the intellectual property of the molecule, and as such, Ipsen is the ultimate responsible entity toward the regulatory agencies, and Galderma acts as Ipsen's distributor. Consequently, Ipsen objected to Galderma's filing.
The second dispute involves differences of opinion on the territorial scope of the partnership with Galderma under the 2007 Agreement. Ipsen intends to fully defend and claim its rights against Galderma's allegations.

As of 30 June 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 22. Subsequent events with no impact on the consolidated financial statements as of 30 June 2022

On July 27, 2022, Ipsen completed the closing of its agreement to divest its CHC business to Mayoly Spindler, with which it had entered into exclusive negotiations in February 2022. The consideration represents an enterprise value of €350m, including an earnout contingent payment of €50 million.

2. ACTIVITY REPORT

In accordance with IFRS 5, 2022 consolidated net profit and free cash flow resulting from the Consumer HealthCare (CHC) business have been reclassified in separate line items: "Net profit (loss) from discontinued operations" in P&L and "Change in net cash/(debt) from discontinued operations" in cash-flow statement. The comparative figures for last year have been restated accordingly.

Comparison of Consolidated Sales for the Second Quarter and First Half 2022 and 2021

Sales by therapeutic area and by product

	2nd Quarter				6 Months			
(in millions of euros)	2022	2021	% Variation	% Variation at constant currency	2022	2021	% Variation	% Variation at constant currency
Oncology	**607.8**	**517.7**	**17.4%**	**11.0%**	**1,164.2**	**1,013.1**	**14.9%**	**10.0%**
Somatuline®	314.0	284.5	10.4%	2.9%	600.0	561.4	6.9%	1.1%
Decapeptyl®	135.4	116.2	16.4%	13.1%	264.6	222.5	18.9%	15.9%
Cabometyx®	113.3	83.6	35.6%	32.4%	212.2	166.8	27.2%	25.4%
Onivyde®	43.1	31.3	37.7%	21.6%	83.2	57.8	44.0%	30.4%
Other Oncology	2.1	2.1	-2.9%	-3.4%	4.3	4.5	-5.9%	-6.5%
Neuroscience	**126.7**	**102.7**	**23.5%**	**16.4%**	**246.9**	**205.8**	**20.0%**	**16.0%**
Dysport®	123.9	101.0	22.7%	15.9%	242.3	202.8	19.5%	15.5%
Other Neuroscience	2.8	1.7	67.4%	44.9%	4.6	3.0	53.1%	47.0%
Rare Disease	**11.3**	**12.6**	**-10.2%**	**-12.8%**	**22.6**	**25.6**	**-11.9%**	**-13.9%**
NutropinAq®	7.4	8.6	-14.0%	-14.2%	14.5	17.0	-14.9%	-15.1%
Increlex®	3.8	4.0	-4.7%	-12.1%	8.0	8.6	-7.0%	-12.6%
Total Sales	**745.8**	**632.9**	**17.8%**	**11.4%**	**1,433.7**	**1,244.5**	**15.2%**	**10.5%**

Oncology

Oncology sales of €1,164.2m in H1 2022 represented growth of 10.0%[1] and comprised 81.2% of total sales (H1 2021: 81.4%).

a. **Somatuline** sales increased by 1.1%[1] to €600.0m. In North America, sales were stable, with volume growth supported by continued market-share gains, despite the entry of lanreotide competition. This was offset by adverse pricing driven by an increased level of commercial rebates and unfavorable movements in channel mix, as well as lower wholesaler inventories. In Europe[2], sales declined by 4.0%[1], reflecting effects from the launch of generic lanreotide in some markets including Germany, the Nordics and Spain, while sales in the Rest of the World grew by 33.7%[1].

[1] At CER, which exclude any foreign-exchange impact by recalculating the performance for the relevant period by applying the exchange rates used for the prior period.
[2] Defined in this announcement as the E.U., U.K., Iceland, Liechtenstein, Norway, and Switzerland.

b. **Decapeptyl** sales of €264.6m represented growth of 15.9%[3], mainly driven by continued market-share gains in Europe, primarily in France and Italy, along with higher volumes in Russia and Korea. In China, sales continued to grow but were impacted by the ongoing effects of the COVID-19, as well as adverse pricing impacts.

c. **Cabometyx** sales reached €212.2m, up by 25.4%[3], reflecting strong volume uptakes across most geographies, mainly in the second-line renal cell carcinoma indication, and by the launch of the first-line combination with nivolumab.

d. **Onivyde** sales of €83.2m, growing by 30.4%[3], were driven by market-share gains and favorable pricing in the U.S., as well as increased sales to Ipsen's ex-U.S. partner.

Neuroscience

Neuroscience sales increased by 16.0%[3] in H1 2022 to €246.9m and comprised 17.2% of total sales (H1 2021: 16.5%).

Dysport

Sales reached €242.3m, up by 15.5%[3], driven by good volume uptakes in most therapeutics markets, and strong performances in the aesthetics market, including increased sales to Ipsen's partner, Galderma, especially in North America.

Rare Disease

Rare Disease sales declined by 13.9%[3] in H1 2022 to €22.6m and comprised 1.6% of total sales (H1 2021: 2.1%).

NutropinAq (*somatropin*) sales of €14.5m, a decline of 15.1%[3], reflected competitive pressures in Europe.
Increlex (*mecasermin*) sales of €8.0m, a decrease of 12.6%[3], were impacted by lower demand in the U.S

Sales by geographical area

	2nd Quarter				6 Months			
(in millions of euros)	2022	2021	% Variation	% Variation at constant currency	2022	2021	% Variation	% Variation at constant currency
North America	253.0	196.1	29.0%	14.6%	479.4	403.0	18.9%	8.0%
Europe	318.9	301.0	6.0%	5.4%	623.6	589.8	5.7%	5.1%
Rest of the World	173.8	135.9	27.9%	20.0%	330.7	251.6	31.4%	27.1%
Total Sales	**745.8**	**632.9**	**17.8%**	**11.4%**	**1,433.7**	**1,244.5**	**15.2%**	**10.5%**

North America

Sales in H1 2022 reached €479.4m, representing growth of 8.0%[3], driven by a continued strong performance from Dysport (in the therapeutics market and, in the aesthetics market, through Galderma) and from Onivyde, while Somatuline sales were stable.

[3] At CER, which exclude any foreign-exchange impact by recalculating the performance for the relevant period by applying the exchange rates used for the prior period.

North America sales comprised 33.4% of total sales (H1 2021: 32.4%).

Europe

Sales in H1 2022 reached €623.6m, an increase of 5.1%[4], mainly reflecting strong Cabometyx performances in France, Spain and Germany, and by Decapeptyl's continued market-share uptakes. Following the launch of generic lanreotide in some European markets, Somatuline sales declined by 4.0%[4], while Dysport sales in the aesthetics market were impacted by unfavorable supply phasing.

Sales in Europe comprised 43.5% of total sales (H1 2021: 47.4%).

Rest of the World

Sales in H1 2022 reached €330.7m, an increase of 27.1%[4], driven by solid volume growth in both Oncology and Neuroscience. The growth of Decapeptyl sales reflected market-share gains in Korea and Russia, and favorable shipment phasing in Algeria. The strong growth of Cabometyx was a result of market-share gains across a number of geographies. The performance also reflected strong Somatuline sales in Japan and Russia.

Rest of the World sales comprised 23.1% of total sales (H1 2021: 20.2%).

[4] At CER, which exclude any foreign-exchange impact by recalculating the performance for the relevant period by applying the exchange rates used for the prior period.

Comparison of Core consolidated income statement for Half Year 2022 and 2021

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

(in million of euros)	2022	*% of sales*	2021	*% of sales*	*% change*
Sales	1,433.7	*100%*	1,244.5	*100%*	*15.2%*
Other revenues	64.2	*4.5%*	51.9	*4.2%*	*23.8%*
Revenue	**1,497.9**	***104.5%***	**1,296.3**	***104.2%***	***15.6%***
Cost of goods sold	(242.1)	*-16.9%*	(203.5)	*-16.4%*	*18.9%*
Selling expenses	(391.9)	*-27.3%*	(334.4)	*-26.9%*	*17.2%*
Research and development expenses	(207.2)	*-14.5%*	(205.1)	*-16.5%*	*1.0%*
General and administrative expenses	(95.4)	*-6.7%*	(93.7)	*-7.5%*	*1.7%*
Other core operating income	6.5	*0.5%*	7.0	*0.6%*	*-7.0%*
Other core operating expenses	—	*0.0%*	(0.4)	*0.0%*	*-100.0%*
Core Operating Income	**568.0**	***39.6%***	**466.3**	***37.5%***	***21.8%***
Net financing costs	(9.5)	*-0.7%*	(11.3)	*-0.9%*	*-16.5%*
Core other financial income and expense	(15.4)	*-1.1%*	(2.5)	*-0.2%*	*522.0%*
Core income taxes	(122.0)	*-8.5%*	(102.0)	*-8.2%*	*19.7%*
Share of net profit/(loss) from equity-accounted companies	(0.5)	*0.0%*	0.1	*0.0%*	*-792.7%*
Core consolidated net profit	**420.5**	***29.3%***	**350.6**	***28.2%***	***19.9%***
- Attributable to shareholders of Ipsen S.A.	420.5	*29.3%*	351.3	*28.2%*	*19.7%*
- Attributable to non-controlling interests	—	*0.0%*	(0.7)	*-0.1%*	*N.A.*
Core EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**5.06**		**4.20**		***20.4%***

Total sales
Total sales in H1 2022 grew by 15.2% as reported to €1,433.7m, which included a positive impact from currencies of 4.7%.

Other revenue
Other revenue totaled €64.2m, an increase of 23.8%, mainly due to the growth in royalties received from partners, primarily Galderma for Dysport.

Cost of goods sold
Cost of goods sold of €242.1m represented 16.9% of total sales, an increase as a percentage of total sales of 0.5 percentage points (H1 2021: €203.5m, or 16.4%), mainly due to an unfavorable mix impact and an increase of royalties paid to Ipsen’s Cabometyx partner.

Selling expenses
Selling expenses of €391.9m (or 27.3% of total sales) increased by 17.2%, driven by commercial efforts deployed to support sales growth, post COVID-19 restrictions and the impact of foreign exchange, partly offset by the Company’s efficiency program. Selling expenses represented 27.3% of total sales, an increase of half a percentage point (H1 2021: €334.4m, or 26.9%).

Research and development expenses

Research and development expenses totaled €207.2m, representing growth of 1.0%, with lower investments in lifecycle management in Oncology for Onivyde and Cabometyx offset by increased investment in Neuroscience, notably for next-generation neurotoxins and for the investigational treatment, mesdopetam, and in Rare Disease for elafibranor in primary biliary cholangitis. Research and development expenses represented 14.5% of total sales, a decline of two percentage points (H1 2021: €205.1m, or 16.5%).

General and administrative expenses

General and administrative expenses increased by 1.7% to €95.4m. The ratio to total sales declined from 7.5% in H1 2021 to 6.7% in H1 2022.

Other core operating income and expenses

Other core operating income and expenses amounted to an income of €6.5m (H1 2021 income of €6.7m), primarily reflecting the impact of Ipsen's currency-hedging policy.

Core operating income

Core operating income amounted to €568.0m, growing by 21.8%; the core operating margin reached 39.6% of total sales, an improvement of 2.1 percentage points (H1 2021: 37.5%).

Core net financing costs and other financial income and expense

Net financing costs amounted to €9.5m (H1 2021: €11.3m). Other core financial expenses amounted to €15.4m, driven by the revaluation of Onivyde's earnout in U.S. dollars.

Core income taxes

Core income tax expense of €122.0m, an increase of 19.7%, reflected a core effective tax rate of 22.5% (H1 2021: 22.5%).

Core consolidated net profit

Core consolidated net profit increased by 19.9% to €420.5m, fully attributable to Ipsen S.A. shareholders (H1 2021: €350.6m).

Core EPS[5]

Core EPS (fully diluted) came to €5.06, representing growth of 20.4%.

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

(in million of euros)	2022	2021
Core consolidated net profit	**420.5**	**350.6**
Amortization of intangible assets (excluding software)	(35.5)	(29.6)
Other operating income and expenses	1.5	(15.9)
Restructuring costs	(2.8)	(4.6)
Impairment losses	—	—
Net profit (loss) from discontinued operations	12.1	10.0
Other	(1.5)	(7.2)
IFRS consolidated net profit	**394.3**	**303.3**
IFRS EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**4.74**	**3.63**

[5] Earnings per share.

From Core financial measures to IFRS reported figures

A full reconciliation between IFRS June 2021 / June 2022 results and core financial measures are presented in Appendix 4. The main reconciling items between core consolidated net income and IFRS consolidated net income were:

Amortization of intangible assets (excluding software)
Amortization of intangible assets (excluding software) amounted to €46.6m before tax, an increase of 19.9%, due to the amortization of additional Cabometyx intangible assets (H1 2021: €39.5m).

Other operating income and expenses
Other non-core operating expenses of €6.5m included costs related to Ipsen's transformation programs, the CHC divestment and the discontinuation of a clinical trial, partly offset by the recognition of orphan-drug tax credits in the U.S. (H1 2021: expenses of €22.0m).

Restructuring costs
Restructuring expenses amounted to €3.7m before tax (H1 2021: expense of €5.2m).

Impairment losses
No impairment loss or gain was recognized in H1 2022 or in H1 2021.

Net profit/(loss) from discontinued operations
Net profit from discontinued operations corresponds to the contribution of the CHC business to net profit and amounted to €12.1m (H1 2021: €10.0m).

Others
Other financial income and expenses included financial income of €5.0m before tax, mainly due to the gain realized on equity investments disposal (H1 2021: expense of €2.6m from change in fair value in equity investments).

IFRS financial measures

Operating income
Operating income totaled €511.2m, representing growth of 27.9% (H1 2021: €399.7m).

Consolidated net profit
Consolidated net profit increased by 30.0% to €394.3m.

EPS[6]
Fully diluted EPS increased by 30.8% in H1 2022 to €4.74.

[6] Earnings per share.

Net cash flow and financing

Ipsen had a net debt decrease of €124.1m in the half, bringing closing net debt to €2.3m.

(in million of euros)	2022	2021
Opening net cash / (debt)	**(126.4)**	**(525.3)**
Core Operating Income	**568.0**	**466.3**
Non-cash items	33.9	66.0
Change in operating working capital requirement	(87.1)	(67.6)
(Increase) decrease in other working capital requirement	24.6	(27.1)
Net capex (excluding milestones paid)	(68.0)	(52.3)
Dividends received from entities accounted for using the equity method	—	—
Operating Cash Flow	**471.4**	**385.4**
Other non-core operating income and expenses and restructuring costs	1.6	(19.3)
Financial income	(22.0)	(13.4)
Current income tax	(103.8)	(64.4)
Other operating cash flow	(8.2)	0.8
Free Cash Flow	**339.0**	**289.1**
Distributions paid	(100.2)	(83.1)
Net investments (business development and milestones)	(101.9)	8.8
Share buy-back	(6.5)	(5.8)
FX on net indebtedness and change in earn-out	(10.8)	(22.4)
Change in net cash/(debt) from discontinued operations	6.1	1.3
Other	(1.6)	0.8
Shareholders return and external growth operations	**(214.8)**	**(100.4)**
CHANGE IN NET CASH / (DEBT)	**124.1**	**188.7**
Closing net cash / (debt)	**(2.3)**	**(336.5)**

Closing net cash / (debt) including cash and cash equivalents from assets held for sale.

Operating cash flow

Operating cash flow totaled €471.4m, an increase of €86.0m (+22.3%), driven by higher core operating income (an increase of €101.6m) and better other working-capital requirement change (€51.7m, reflecting the reimbursement in 2022 of tax refunds), partly offset by higher operating working-capital requirements (€19.5m mainly from higher trade receivables), higher capital expenditure (€15.7m, including projects to increase efficiency at industrial sites in the U.K., Ireland and France, as well as IT and digital projects) and lower other non-cash items from unrealized cash-flow hedging.

Free cash flow

Free cash flow grew by €49.9m to €339.0m (H1 2021: €289.1m) reflecting higher operating cash flow that was partly offset by an increase in income tax.

Shareholders’ return and external-growth operations
In the half, the distribution payout to Ipsen S.A. shareholders amounted to €99.3m, corresponding to a dividend per share of €1.20 (H1 2021: €82.9m, for a dividend of €1.00 per share).

Net investments of €101.9m mainly related to a Cabometyx commercial milestone for €88.2m paid to Exelixis, and an IPN60130 development milestone for €27.4m paid to Blueprint Medicines (H1 2021: positive impact for €8.8m mainly related to Onivyde’s commercial milestones received and to the proceeds from the divestment in equity-accounted companies, partly offset by additional milestone payments to Exelixis).

Foreign exchange on net indebtedness and change in earn-out adversely impacted net debt mainly due to unfavorable foreign exchange on Onivyde’s earnout (H1 2021: a higher U.S. dollar versus Euro rate adversely impacted indebtedness).

Reconciliation of cash and cash equivalents and net cash

(in million of euros)	2022	2021
Current financial assets (derivative instruments on financial operations)	**0.2**	**0.2**
Closing cash and cash equivalents	**1,125.0**	**726.1**
Non-current loans	(584.3)	(550.2)
Other financial liabilities (excluding derivative instruments) (**)	(218.4)	(221.1)
Non-current financial liabilities	**(802.7)**	**(771.3)**
Credit lines and bank loans	—	(150.3)
Financial liabilities (excluding derivative instruments) (**)	(324.8)	(141.2)
Current financial liabilities	**(324.8)**	**(291.5)**
Debt	**(1,127.5)**	**(1,062.8)**
Net cash / (debt) (*)	**(2.3)**	**(336.5)**

(*) Net cash / (debt): including cash and cash equivalents from assets held for sale,derivative instruments booked in financial assets and related to financial operations, cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments on commercial operations.
(**) Financial liabilities mainly exclude €28.7 million in derivative instruments related to commercial operations at the end of June 2022, compared with €4.5 million one year earlier.

Analysis of cash

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

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

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

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

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

On 30 June 2022, the Ipsen S.A. issuance program of NEU CP - Negotiable EUropean Commercial Paper of €600m, was drawn for €238.0m.

Appendices

Appendix 1 – Consolidated income statement

(in million of euros)	2022	2021 (1)(2)
Sales	**1,433.7**	**1,244.5**
Other revenues	64.2	51.9
Revenue	**1,497.9**	**1,296.3**
Cost of goods sold	(242.1)	(203.5)
Selling expenses	(391.9)	(334.4)
Research and development expenses	(207.2)	(205.1)
General and administrative expenses	(95.4)	(93.7)
Other operating income	42.7	26.2
Other operating expenses	(89.3)	(81.0)
Restructuring costs	(3.7)	(5.2)
Impairment losses	—	—
Operating Income	**511.2**	**399.7**
Investment income	*1.9*	*0.6*
Financing costs	*(11.4)*	*(12.0)*
Net financing costs	(9.5)	(11.3)
Other financial income and expense	(10.4)	0.1
Income taxes	(108.5)	(95.2)
Share of net profit/(loss) from equity-accounted companies	(0.5)	0.1
Net profit (loss) from continuing operations	**382.2**	**293.3**
Net profit (loss) from discontinued operations	12.1	10.0
Consolidated net profit (loss)	**394.3**	**303.3**
- Attributable to shareholders of Ipsen S.A.	394.3	304.0
- Attributable to non-controlling interests	—	(0.7)
Basic earnings per share, continuing operations (in euro)	4.64	3.54
Diluted earnings per share, continuing operations (in euro)	4.60	3.51
Basic earnings per share, discontinued operations (in euro)	0.15	0.12
Diluted earnings per share, discontinued operations (in euro)	0.15	0.12
Basic earnings per share (in euro)	4.78	3.66
Diluted earnings per share (in euro)	4.74	3.63

(1) Data published for 2021 was restated to include the impact of presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 2022).

(2) Proceeds received in 2021 from businesses sold prior to 2021 were reclassified from "Profit/(loss) from discontinued operations" to the "Other operating income" line item for €1.2 million.

Appendix 2 – Consolidated balance sheet before allocation of net profit

(in millions of euros)	30 June 2022	31 December 2021 [(1)]
ASSETS		
Goodwill	557.4	623.2
Other intangible assets	1,373.1	1,370.0
Property, plant & equipment	585.9	647.5
Equity investments	91.6	106.9
Investments in equity-accounted companies	27.1	26.2
Non-current financial assets	—	0.1
Deferred tax assets	278.6	258.7
Other non-current assets	4.5	4.3
Total non-current assets	**2,918.1**	**3,036.7**
Inventories	190.1	219.4
Trade receivables	623.8	564.3
Current tax assets	92.3	122.8
Current financial assets	54.9	54.1
Other current assets	160.9	178.6
Cash and cash equivalents	1,068.3	814.7
Assets held for sale	398.9	—
Total current assets	**2,589.0**	**1,953.8**
TOTAL ASSETS	**5,507.1**	**4,990.5**
EQUITY AND LIABILITIES		
Share capital	83.8	83.8
Additional paid-in capital and consolidated reserves	2,492.4	1,967.7
Net profit/(loss) for the period	394.3	646.6
Foreign exchange differences	94.0	37.2
Equity attributable to Ipsen S.A. shareholders	**3,064.5**	**2,735.2**
Equity attributable to non-controlling interests	1.6	2.5
Total shareholders' equity	**3,066.1**	**2,737.7**
Retirement benefit obligation	25.1	40.7
Non-current provisions	79.3	64.0
Non-current financial liabilities	798.6	772.2
Deferred tax liabilities	120.7	101.8
Other non-current liabilities	43.1	45.8
Total non-current liabilities	**1,066.8**	**1,024.4**
Current provisions	32.5	41.6
Current financial liabilities	351.7	174.8
Trade payables	577.8	594.7
Current tax liabilities	12.8	10.0
Other current liabilities	276.1	401.7
Bank overdrafts	30.6	5.5
Liabilities related to assets held for sale	92.7	—
Total current liabilities	**1,374.2**	**1,228.4**
TOTAL EQUITY & LIABILITIES	**5,507.1**	**4,990.5**

(1) The financial statements were restated with the retrospective application of the IFRIC decision on Software as a Service (SaaS) as from 1 January 2021 (see note 11.3 of the notes to the consolidated financial statements for the period ended 30 June 2022).

Appendix 3 – Cash flow statements

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

(in million of euros)	30 June 2022	30 June 2021 (1)
Consolidated net profit	**394.3**	**303.3**
Share of profit (loss) from equity-accounted companies	0.4	(0.1)
Net profit (loss) from discontinued operations	(12.1)	(10.0)
Net profit (loss) before share from equity-accounted companies	**382.6**	**293.2**
Non-cash and non-operating items:	—	—
- Depreciation, amortization, provisions	105.8	112.7
- Impairment losses included in operating income and net financial income	—	—
- Change in fair value of financial derivatives	19.7	2.3
- Net gains or losses on disposals of non-current assets	(2.5)	1.4
- Unrealized foreign exchange differences	(42.1)	(4.2)
- Change in deferred taxes	5.6	30.8
- Share-based payment expense	12.5	17.7
- Other non-cash items	2.2	(7.6)
Cash flow from operating activities before changes in working capital requirement	**483.9**	**446.4**
- (Increase)/decrease in inventories	(6.7)	(11.9)
- (Increase)/decrease in trade receivables	(79.5)	(69.5)
- Increase/(decrease) in trade payables	(0.9)	13.8
- Net change in income tax liability	36.9	(8.1)
- Net change in other operating assets and liabilities	(13.8)	(21.3)
Change in working capital requirement related to operating activities	**(64.1)**	**(97.0)**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**419.8**	**349.4**
Acquisition of property, plant & equipment	(48.2)	(31.0)
Acquisition of intangible assets	(69.7)	(43.6)
Proceeds from disposal of intangible assets and property, plant & equipment	9.8	—
Acquisition of shares in non-consolidated companies	(6.2)	(7.8)
Payments to post-employment benefit plans	(1.2)	(0.7)
Impact of changes in the consolidation scope	0.1	21.4
Change in working capital related to investment activities	(73.8)	(11.5)
Other cash flow related to investment activities	10.7	2.6
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(178.6)**	**(70.7)**
Additional long-term borrowings	8.4	10.5
Repayment of long-term borrowings	(0.1)	(0.4)
Net change in short-term borrowings	141.7	(113.4)
Capital increase	—	—
Treasury shares	(6.5)	(5.8)
Distributions paid by Ipsen S.A.	(99.3)	(82.9)
Dividends paid by subsidiaries to non-controlling interests	(0.9)	(0.2)
Change in working capital related to financing activities	(2.5)	(2.8)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**40.9**	**(194.8)**
CHANGE IN CASH AND CASH EQUIVALENTS	**282.1**	**83.8**
CHANGE IN CASH AND CASH EQUIVALENTS OF DISCONTINUED ACTIVITIES	**1.9**	**1.2**
OPENING CASH AND CASH EQUIVALENTS	**809.1**	**639.6**
Impact of exchange rate fluctuations	31.9	1.4
CLOSING CASH AND CASH EQUIVALENTS BEFORE RECLASSIFICATION IN ASSETS HELD FOR SALE	**1,125.0**	**726.1**
Reclassification of cash and cash equivalents from assets held for sale	(87.4)	—
CLOSING CASH AND CASH EQUIVALENTS	**1,037.6**	**726.1**

(1) Data published for 2021 was restated to include the impact of presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 2022).

- ## Appendix 3.2 - Consolidated net cash flow statement

(in million of euros)	2022	2021 [3]
Opening net cash / (debt)	**(126.4)**	**(525.3)**
CORE OPERATING INCOME	**568.0**	**466.3**
Non-cash items	**33.9**	**66.0**
(Increase) /decrease in inventories	(6.7)	(11.9)
(Increase) / decrease in trade receivables	(79.5)	(69.5)
Increase / (decrease) in trade payables	(0.9)	13.8
Change in operating working capital requirement	**(87.1)**	**(67.6)**
Change in income tax liability	36.9	(8.2)
Change in other operating assets and liabilities (excluding milestones received)	(12.2)	(18.9)
Other changes in working capital requirement	**24.6**	**(27.1)**
Acquisition of property, plant & equipment	(48.2)	(31.0)
Acquisition of intangible assets	(11.4)	(9.7)
Disposal of fixed assets	1.3	—
Change in working capital related to investment activities	(9.7)	(11.5)
Net capex (excluding milestones paid)	**(68.0)**	**(52.3)**
Dividends received from entities accounted for using the equity method	**—**	**—**
Operating Cash Flow	**471.4**	**385.4**
Other non-core operating income and expenses and restructuring costs	1.6	(19.3)
Financial income	(22.0)	(13.4)
Current income tax	(103.8)	(64.4)
Other operating cash flow	(8.2)	0.8
Free Cash Flow	**339.0**	**289.1**
Distributions paid (including payout to non-controlling interests)	**(100.2)**	**(83.1)**
Acquisition of shares in non-consolidated companies [1]	(6.2)	(7.8)
Acquisition of other financial assets	—	—
Impact of changes in consolidation scope	0.1	21.4
Milestones paid [2]	(122.4)	(33.9)
Milestones received	4.6	25.0
Other Business Development operations	22.1	4.0
Net investments (Business Development and milestones)	**(101.9)**	**8.8**
Share buy-back	(6.5)	(5.8)
FX on net indebtedness and change in earn out	(10.8)	(22.4)
Change in net cash/(debt) from discontinued operations	6.1	1.3
Other	(1.6)	0.8
Shareholders return and external growth operations	**(214.8)**	**(100.4)**
CHANGE IN NET CASH / (DEBT)	**124.1**	**188.7**
Closing net cash / (debt)	**(2.3)**	**(336.5)**

(1) Acquisition of shares in non-consolidated companies mainly reflected investments in external innovation funds.
(2) The milestones paid were recorded as an increase in intangible assets on the consolidated balance sheet. The transactions were included in the "Acquisition of intangible assets" line item in the consolidated statement of cash flow (see Appendix 3.1).
(3) Data published for 2021 was restated to include the impact of presenting the Consumer Healthcare business as discontinued operations (see note 4 to the consolidated financial statements for the period ended 30 June 20.

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

	IFRS						CORE
(in million of euros)	2022	Amortization of intangible assets (excl. software)	Other operating income or expenses	Restructuring	Impairment losses	Other	2022
Sales	1,433.7	—	—	—	—	—	1,433.7
Other revenues	64.2	—	—	—	—	—	64.2
Revenue	**1,497.9**	**—**	**—**	**—**	**—**	**—**	**1,497.9**
Cost of goods sold	(242.1)	—	—	—	—	—	(242.1)
Selling expenses	(391.9)	—	—	—	—	—	(391.9)
Research and development expenses	(207.2)	—	—	—	—	—	(207.2)
General and administrative expenses	(95.4)	—	—	—	—	—	(95.4)
Other operating income	42.7	—	(36.2)	—	—	—	6.5
Other operating expenses	(89.3)	46.6	42.7	—	—	—	—
Restructuring costs	(3.7)	—	—	3.7	—	—	—
Impairment losses	—	—	—	—	—	—	—
Operating Income	**511.2**	**46.6**	**6.5**	**3.7**	**—**	**—**	**568.0**
Net financing costs	(9.5)	—	—	—	—	—	(9.5)
Other financial income and expense	(10.4)	—	—	—	—	(5.0)	(15.4)
Income taxes	(108.5)	(11.1)	(8.0)	(0.9)	—	6.5	(122.0)
Share of profit (loss) from equity-accounted companies	(0.5)	—	—	—	—	—	(0.5)
Net profit (loss) from continuing operations	**382.2**	**35.5**	**(1.5)**	**2.8**	**—**	**1.5**	**420.5**
Net profit (loss) from discontinued operations	12.1	—	—	—	—	(12.1)	—
Consolidated net profit	**394.3**	**35.5**	**(1.5)**	**2.8**	**—**	**(10.6)**	**420.5**
– Attributable to shareholders of Ipsen S.A.	394.3	35.5	(1.5)	2.8	—	(10.6)	420.5
– Attributable to non-controlling interests	—	—	—	—	—	—	—
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	4.74	0.43	(0.02)	0.03	0.00	(0.13)	5.06

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

	IFRS						CORE
(in million of euros)	**2021**	**Amortization of intangible assets (excl. software)**	**Other operating income or expenses**	**Restructuring**	**Impairment losses**	**Other**	**2021**
Sales	1,244.5						1,244.5
Other revenues	51.9						51.9
Revenue	**1,296.3**	**—**	**—**	**—**	**—**	**—**	**1,296.3**
Cost of goods sold	(203.5)						(203.5)
Selling expenses	(334.4)						(334.4)
Research and development expenses	(205.1)						(205.1)
General and administrative expenses	(93.7)						(93.7)
Other operating income	26.2		(19.2)				7.0
Other operating expenses	(81.0)	39.5	41.2				(0.4)
Restructuring costs	(5.2)			5.2			—
Impairment losses	—				—		—
Operating Income	**399.7**	**39.5**	**22.0**	**5.2**	**—**	**—**	**466.3**
Net financing costs	(11.3)						(11.3)
Other financial income and expense	0.1					(2.6)	(2.5)
Income taxes	(95.2)	(9.9)	(6.1)	(0.6)	—	9.8	(102.0)
Share of profit (loss) from equity-accounted companies	0.1						0.1
Net profit (loss) from continuing operations	**293.3**	**29.6**	**15.9**	**4.6**	**—**	**7.2**	**350.6**
Net profit (loss) from discontinued operations	10.0					(10.0)	—
Consolidated net profit	**303.3**	**29.6**	**15.9**	**4.6**	**—**	**(2.8)**	**350.6**
– Attributable to shareholders of Ipsen S.A.	304.0	29.6	15.9	4.6	—	(2.8)	351.3
– Attributable to non-controlling interests	(0.7)						(0.7)
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	3.63	0.35	0.19	0.05	0.00	(0.03)	4.20

3. INFORMATION ON RELATED PARTIES

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

4. RISKS FACTORS

The Group operates in a rapidly evolving environment which may pose many risks for the Group, some of which are outside of its control. Investors are advised to carefully review each of the risks described below as well as all the information contained in this universal registration document. The risks and uncertainties set out in this section are not the only ones faced by the Group. Other risks and uncertainties of which the Group is not currently aware or of which it does not consider material or specific may also have an unfavorable impact on its business, financial situation and results. Materiality is a combination of probability and impact after considering measures adopted by the Group to manage it.

1/ Business Risks

Market competition and dependence on products:

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

- the Group's competitors include major international pharmaceutical groups whose size, experience, and capital resources exceed its own;
- the Group has just entered a challenging phase with the news of the registration of a Somatuline pharmaceutical alternative (which is not a generic and cannot be substituted automatically) in the U.S. end of 2021; however, the Group anticipated that this would happen and, in Europe, has been able to handle the situation very well; in the large majority of countries, Somatuline continued to expand its leadership;
- the Group may have to adapt quickly to new technologies, scientific changes, digital and advanced analytics introduced by competitors.
-

Since a few products make up the majority of Group sales, with Somatuline, Decapeptyl, Dysport, Cabometyx and Onyvide representing around 90% of sales in 2021, the competitive threat to Ipsen's business model and performance is accrued.
The trends are closely monitored and accounted for in the Group strategy.

Across all its therapeutic areas in Specialty Care, the Group's ambition is to fully leverage its broad geographic presence and its global commercial powerhouse to grow and roll out its Specialty Care portfolio in all key geographies.

The Group has focused its internal resources and efforts on becoming a Development Powerhouse while increasingly turning toward external sourcing of new assets. The ambition for external innovation is to fuel the R&D pipeline across all its therapeutic areas of focus.

Details are set out in section 1.2.1 of the 2021 universal registration document "The Group's products".

Risks of failure in Research and Development:

In order to build an innovative and sustainable pipeline the Group invests substantial amounts in Research and Development. In 2021, the Group spent €428.4 million on Research and Development, representing around 15% of consolidated sales. The Group is also investing in intangible assets and companies related to its Research and Development activities.

Ipsen will be unable to recover these investments if the Group's clinical trials are not as successful as anticipated or if such products do not receive regulatory approval. The Research and Development process is long and there is a substantial risk that drugs may not be approved.

Ipsen continuously invests in its internal R&D platforms as well as in external innovation to build a sustainable pipeline across all stages of development.

Its R&D operating model focuses on accelerating internal projects, effectively managing the R&D portfolio and actively externally sourcing assets through disciplined business development.
For more details on R&D process, please refer to 1.2.3 "Research and Development" in the 2021 universal registration document.

Risk of cyberattacks:

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

The Group has put in place a cyber security plan, with dedicated team and governance, validated at the highest level and implemented across all Group entities.

This plan articulates actions around Governance, Risk, Compliance (GRC), OT Mitigation, Technical Controls, People Security, Data Security, Travel, Response and Recovery and Physical Security..

Inability to face systemic risks:

The Group could face a systemic risk, i.e. the risk that a particular event will have a major impact on the whole system. These systemic risks are likely to affect the Group's operational capacities.

The Group defines and constantly updates measures to guarantee business continuity in the event of a systemic event arising. These measures also include the guarantee of employee safety.

The Group implements the following measures in particular:

- Crisis management and mobilization of specific teams to enable the Group to adapt to these situations;
- Adaptation and roll-out of business continuity plans;
- Strict monitoring by the Group of security stocks, goods and services at suppliers as well as its own production capacities.

The Group has thus managed to face two major systemic events over recent years, the COVID-19 pandemic and the conflict between Russia and Ukraine, suffering no supply disruption in 2020, 2021 and early 2022.

Failure of third parties:

The Group depends on third parties:

- to optimize the Research and Development portfolio: the Group enters into collaborative agreements with third parties to carry out pre-clinical and clinical trials;
- to manufacture certain products: the Group subcontracts the production of certain active ingredients to third parties or purchases finished products directly from its partners or their subcontractors;
- to develop and market certain products;
- related to intellectual property: (1) the Group's intellectual property: third parties collaborating with Ipsen may claim the benefits from intellectual property rights for the Group's inventions or may not ensure that the Group's unpatented technology remains confidential; (2) third party intellectual property: the Group is dependent on intellectual property rights held by third parties in order to manufacture and market several of its products.

All those third parties could behave in ways that are damaging to the Group's business. For key alliances (please see paragraph 1.2.2 "Major Contracts") in the 2021 universal registration document, a dedicated Alliance Management team is in charge to ensure alignment of strategies and constant optimization of governance process.

Relationships with other partners are also managed by dedicated teams, to maximize their value. For instance, a Global Procurement Department is:

- mapping the risks associated with the Group's key suppliers, maintaining close relationships with them, in order to secure the Group's supplies;
- diversifying its sources of supply when possible, endeavoring to conclude long-term supply contracts, building up;
- building security stocks from suppliers or its own production.

Risks related to drug approval, pricing and reimbursement:

The Group is dependent on prices that are set for drugs and is vulnerable to the potential withdrawal of certain drugs from the list of reimbursable products by governments and the relevant regulatory authorities in the countries in which it operates. In general terms, the Group is faced with uncertainty related to the prices set for its products, since pharmaceutical prices have come under severe pressure over the last few years (recommendation to use generic drugs, lower prices or reimbursement, other restrictive measures that limit increases in the cost of medical services, parallel imports). Price pressure is particularly high in the Group's therapeutic areas 5 Specialty Care).

Risks associated with international activities:

The Group operates throughout the world (50% in Europe, 32% in North America and 18% in the rest of the world in 2021). As such, the Group faces various risks specific to its international activities, and in particular, and the following:

- risks arising from unexpected regulatory or political changes such as changes in tax regulation and regulations on trade and tariffs, such as protectionist measures;
- risks arising from limitations on the repatriation of earnings;
- risk of financial default on the part of certain public and private operators with which the Group conducts business;
- risks arising from the validity of various intellectual property rights being deferred;
- risks arising from various labor regulations;
- risks arising from political or economic changes affecting a given region or country;
- risks arising from increased difficulties in recruiting staff and managing operating entities abroad;
- risks arising from the absence of an international agreement on regulatory standards;
- risk incurred by employees when travelling for their missions;
- risks arising from the occurrence of natural disasters, wars, epidemics or even pandemics, in the areas at risk in which the Group and/or its major partners do business (e.g. Russia/ Ukraine conflict in 2022).

The Group has various teams dedicated to the coverage of these risks: Regulatory Department, Finance Division, Legal Division, IP Department, HR Division, Risk Management Department, Global Security Department, etc. All those functions regularly monitor these topics to anticipate evolutions and adapt Group's policies and procedures accordingly.

Risks related to acquisition and integration activities:

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

Within the Group, an External Innovation & Business Development organization is dedicated to the acquisition and integration of strategic deals, with ability to:

- assess opportunities and conduct quick and effective due-diligence;
- differentiate Ipsen from other companies;
- increase its visibility as a partner for innovation

Business Ethics risks:

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

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

For details regarding mitigation plan to cover this risk, please refer to the sections 2.2.1 "Organization", 4.3.2 “Fighting corruption” and 4.3.3 “Promoting and defending Human Rights within Ipsen's value” in the “Company Social Responsibility” chapter in the 2021 universal registration document.

2/ Industrial and Environmental Risks

Supply shortages and other disruptions risks:

Despite a strong end-to-end supply chain organization, the marketing of certain products by the Group has been and could be affected by supply shortages and other disruptions. Such difficulties may be:

- regulatory (e.g. the need to correct certain technical problems in order to bring production sites into compliance with applicable regulations); or
- technical (e.g. difficulties obtaining supplies of satisfactory quality, equipment failures, difficulties manufacturing active ingredients, or drugs complying with their technical specifications on a sufficiently reliable and uniform basis at the required volume); or
- natural (natural disasters...).

Supply shortages and other disruption risks may impact patients and may result in a significant reduction in sales for one or more products.

Supply risk management is implemented and regularly updated across the whole supply chain. Major actions are:

- risk identification: supply chain risk mapping exercise conducted every year;
- risk response: robustness and continuous improvement of manufacturing processes, critical suppliers risk management, insurance prevention actions, capital investments, security stocks and business continuity plans.

For further details please refer to the section 4.2.4 “Committed to ensure supply continuity” in the “Company Social Responsibility” chapter in the 2021 universal registration document.

Environment and safety risks:

Environmental laws in various countries impose real and potential obligations on the Group with regards to repairing environmental damage or refurbishing contaminated sites.

Stricter laws relating to the environment, health, and safety as well as more rigorous enforcement measures than those in force currently could generate considerable liabilities and costs for the Group and make the Group's handling, production, use, reuse, or processing of substances or pollutants subject to more rigorous inspection measures than those currently observed.

The Group uses dangerous substances in performing its business, and claim related to the Group's handling, storage, use or reuse of those substances could generate considerable liabilities and costs for the Group. The Group is exposed not only to environmental risks related to environmental contamination but also to health risks (accidental contamination or occupational disease) linked to the fact that Ipsen's employees handle active or toxic substances in the course of their research or production activities. These risks also exist for third parties with which the Group works.

Environment and safety issues are managed by the Environment Health and Safety (EHS) governance bodies at every level of the organization. Ipsen Environment Health and Safety (EHS) team aims at:

- protecting Ipsen people and improving their well-being to ensure provision of Ipsen drugs for patients;
- reducing Ipsen energy consumption and our impact on climate change.

For further details, please refer to the sections 4.4.3 "Providing a healthy and safe workplace" and 4.5 "Minimizing our environmental impact" in the "Company Social Responsibility" chapter in the 2021 universal registration document.

3/ Financial Risks

Exchange rate risks:

A significant share 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.

Several types of risks can be identified:

- transactional foreign exchange risk related to business activities: the Group hedges its main foreign currencies, including the USD, GBP, CNY, RUB, CHF, AUD, and BRL, based on its budget forecasts;
- financing foreign exchange risk related to financing contracted in a currency other than the functional currencies of Group entities.

Ipsen is implementing a foreign exchange rate hedging policy to reduce the exposure of its net profit to foreign currency fluctuations.
For more details, please refer to Note 21 in Chapter 3: section 21.2 "Exchange rate risk hedging" in the 2021 universal registration document.

Interest rate risks:

Given its current mix of level of long-term debt as of 31 December 2021 (note 20 to the consolidated financial statements in Chapter 3 of the universal registration document), the Group has limited exposure to interest rate risks.

The Group's funding consists in a fixed-rate debt from bond debts (bonds and U.S. Private Placement – USPP), as well as a variable-rate debt from revolving credit facilities and program of emission of commercial papers (NEU CP – Negotiable EUropean Commercial Papers). As of 31 December 2021, there were no derivative financial instruments for hedging interest rate risk.

For more details, please see note 21 "Financial Instruments" to the consolidated financial statements as of 31 December 2021 in Chapter 3 of the 2021 universal registration document.

Liquidity and counterparty risks:

The Group's policy consists of diversifying its business counterparties so as to avoid excessive concentration and in choosing their counterparties wisely.

As of 31 December 2021, the Group's cash and cash equivalents amounted to €809.1 million largely invested in term accounts and term deposits. More detailed analysis of the Group's liquidity position is described in section 3.1.3.2 related to the Group's net cash position.

For more details please refer to the note 24 of the finance section, in particular the 24.4 part "Liquidity risk and counterparty risk" in the 2021 universal registration document.

Share price fluctuation:

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

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

An indication of the share price evolution for fiscal year 2021 is available in the introduction on page 4 in the 2021 universal registration document.

4/ Regulatory and Legal Risks

Risks related to intellectual property:

The expiration of a patent may result in substantial competition due to the emergence of a generic drug.

The Group cannot be certain that:

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

An IP strategy is defined and implemented to fight against risks related to intellectual property.
The information related to the patents held by the Group is detailed in section 1.2.4.1 "Patents" in the 2021 universal registration document.

Undesired disclosure of critical information:

The Group cannot be certain that it will not be faced with undesired or uncontrolled disclosure of critical information including private data or strategic information, which might adversely affect the Company's financial position, competitive situation, or share value.

The Group has set up procedures to control the dissemination of this information to protect either the confidentiality of sensitive information, particularly to protect its intellectual property or competitive positions, or to ensure that privileged information is disseminated to investors in a manner that complies with the legislation in force.

For further details in particular on policies and action plans regarding personal data protection, please refer to the section 4.3.1 "Committed to protect personal data" in the "Company Social Responsibility" in the 2021 universal registration document.

Counterfeiting risks:

As a manufacturer of medication, the Group is exposed to the risk that third parties might attempt to counterfeit its products and sell counterfeit products as if they were the Group's products. Counterfeit products are not approved by the competent regulatory authorities and could prove dangerous for the patients. To the extent that counterfeit products are sold as being those of the Group, its reputation could be affected and the patients' confidence in the Group's products could be undermined. In addition, some of the Group's products could be withdrawn from the market if counterfeit products are sold.
Ipsen is committed to taking the necessary proactive steps to always allow the patients to access to the highest health standards. Ipsen collaborates with other national and international stakeholders to protect the patients, partners and business from the risks of falsified and counterfeit medicines.

For further details, please refer to the section 4.2.5 "Committed to fight against counterfeit products" in the "Company Social Responsibility" in the 2021 universal registration document.

Product liability risks:

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

Pharmacovigilance, Quality and Technical Operations controls protect the Group from the product liability risks. For further details, please refer to the sections 4.2.1 "Bringing high quality product to patients" and 4.2.2 "Ensuring product safety" in the "Company Social Responsibility" chapter in the 2021 universal registration document.

Insurance also covers this risk.
Product liability insurance covers all products manufactured, marketed, and sold by the Group as well as all clinical trials that the Group conducts. For more details, please refer to section 2.2.3 "Risk Management"in the 2021 universal registration document.

Legal and administrative proceedings:

In the normal course of business, the Group is or may be involved in legal or administrative proceedings. Financial claims are or may be brought against the Group in connection with some of these proceedings.
Galderma initiated arbitration proceedings against the Group at the ICC International Court of Arbitration; arbitrators were appointed in the fourth quarter of 2021. This request for arbitration is related to Galderma-developed liquid toxin, QM-1114 for which the Group, in its capacity as marketing-authorization holder and owner of the intellectual property since 2014, has a different view to the regulatory-submission strategy. There is also a difference of opinion on the territorial scope of the partnership under the 2007 agreement. The outcome of the cases cannot be predicted at this preliminary stage of the proceedings. The Group intends to fully defend and vindicate its rights against Galderma's allegations.

In addition, the Group is also aware of an anti-competitive practices investigation has been initiated in 2019 against Linnea. As the authorities have provided little information at this stage about the allegations made, Linnea cannot predict with a reasonable level of assurance the potential financial impact this could have on its accounts. For these reasons, no provision has been recorded as of 30 June 2022 in Linnea's accounts.

5. STATUTORY AUDITOR'S REPORT ON THE HALF-YEAR FINANCIAL INFORMATION FOR 2022

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Ipsen S.A.

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

Statutory Auditors' Review Report on the Half-yearly Financial Information 2022

For the period from January 1, 2022 to June 30, 2022

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of IPSEN for the period from January 1, 2022 to June 30, 2022
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review consists principally of making inquiries of persons responsible for financial and accounting matters and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Accordingly, the assurance that the financial statements, taken as a whole, are free of material misstatement obtained in the context of a limited review is a moderate assurance, lower than that obtained in the context of an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the standard of the IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying the above conclusion, we draw your attention to notes 3.2 and 11.3, which describe the impact of the application of the IFRIC decision on the recognition of configuration or customization costs for software applications used in SaaS mode (Software as a Service).

II – Specific verification

We have also verified the information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris la Défense, July 28, 2022

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG SA
Stéphane Basset Partner	Catherine Porta Partner

6. DECLARATION OF THE PERSON RESPONSIBLE FOR THE 2022 FINANCIAL INFORMATION

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

27 July 2022

David Loew
Chief Executive Officer